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FY 1975 report to congress

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"*Declaration of Policy: The Board*

"Sec. 102. [*72 Stat. 740, 49 U.S.C. 1302*] in the exercise and performance of its powers and duties under this Act, the Board shall consider the following, among other things, as being in the public interest, and in accordance with the public convenience and necessity:

"(a) The encouragement and development of an air-transportation system properly adapted to the present and future needs of the foreign and domestic commerce of the United States, of the Postal Service, and of the national defense;

"(b) The regulation of air transportation in such manner as to recognize and preserve the inherent advantages of, assure the highest degree of safety in, and foster sound economic conditions in, such transportation, and to improve the relations between, and coordinate transportation by, air carriers;

"(c) The promotion of adequate, economical and efficient service by air carriers at reasonable charges, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices;

"(d) Competition to the extent necessary to assure the sound development of an air-transportation system properly adapted to the needs of the foreign and domestic commerce of the United States, of the Postal Service and of the national defense;

"(e) The promotion of safety in air commerce; and

"(f) The promotion, encouragement, and development of civil aeronautics."

THE Civil Aeronautics Board

FY 1975

report

to

congress

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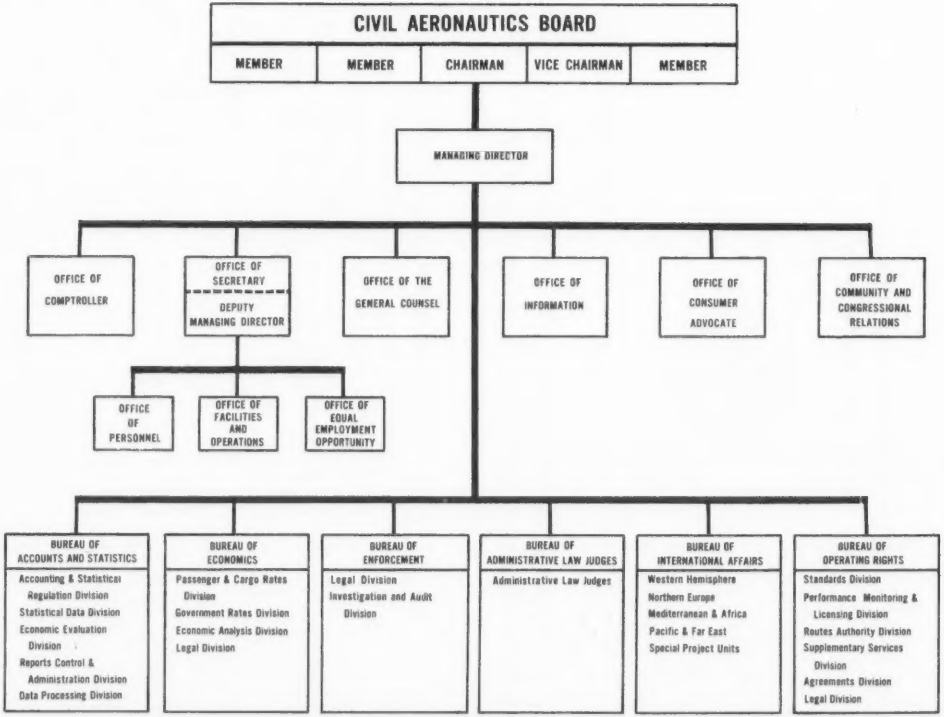
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Performance Monitoring & Licensing Division
Routes Authority Division
Supplementary Services Division
Agreements Division
Legal Division

CIVIL AERONAUTICS BOARD

WASHINGTON, D.C. 20428

To the Congress:

Pursuant to section 205 to the Federal Aviation Act of 1958, the Annual Report of the Civil Aeronautics Board for fiscal 1975 is herewith respectfully submitted.

John E. Robson, *Chairman*
Richard J. O'Melia, *Vice Chairman*
G. Joseph Minetti, *Member*
Lee R. West, *Member*
R. Tenney Johnson, *Member*

May 1976

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the board

JOHN E. ROBSON, *Chairman*
Appointed April 21, 1975
Term expires December 31, 1977

RICHARD J. O'MELIA, *Vice Chairman*
Appointed November 26, 1973 (sworn in November 30)
Term expires December 31, 1980

G. JOSEPH MINETTI, *Member*
Appointed June 1, 1956
Term expires December 31, 1979

LEE R. WEST, *Member*
Appointed November 21, 1973
Term expires December 31, 1978

R. TENNEY JOHNSON, *Member*
Appointed March 24, 1976 (sworn in March 25)
Term expires December 31, 1976

HIGHLIGHTS: REVIEWING FISCAL YEAR 1975

Fiscal year 1975 was characterized by the continued rise of fuel and labor costs, a general inflationary trend, depressed economic conditions, and a softening of demand in air travel, with the result that the airline industry remained sluggish throughout most of the year.

Although total operating revenues for domestic operations increased by 9.7 percent, total operating expenses increased by 10.5 percent. The Board addressed this situation, in part, by trying to hold cost increases to a minimum by eliminating unnecessary route restrictions through route realignments and transfers. Three route alignments were completed, and six route transfer cases were concluded.

Ten domestic route cases were set for hearing during the year. (See table on p. 5.) Among the more significant were the *Detroit-Boston Nonstop Investigation* instituted on April 18, 1975; the *Fort Myers-Atlanta Case*, on February 11, 1975; and the *Peoria Service Investigation*, on April 21, 1975. In addition, the *Fort Myers-Atlanta Case* was concluded as the pace of route cases began to accelerate towards year end.

The Board certificated a ninth local service carrier, Air New England, as a result of the *New England Service Investigation*. This former commuter air carrier was authorized to serve 13 New England communities.

High unit costs also caused the Board to authorize suspension or deletion of service at 25 local service carrier points. However, as a means of continuing service to small communities, the Board approved suspension/substitution agreements which allowed local service carriers to suspend service in favor of replacement service by commuter carriers. The Board also experimented with other alternatives, such as authorizing the "flow-through" of subsidy from Frontier Airlines to Air Midwest, a commuter carrier. Subsidy was paid to Frontier, which then compensated Air Midwest, which had lower costs. However, the experiment was terminated at the close of the fiscal year by an adverse court ruling.

Among the more important international route proceedings was the extensive *Transatlantic Route Proceeding*, which involved renewal of existing route authority and also proposed new authority including 15

new U.S. terminal points. Pending the final outcome of this case, Pan American and TWA were authorized to implement an agreement for temporary transfers and suspensions of operations in the Pacific and Europe.

The problems of the U.S.-flag carriers in international operations went beyond those associated with fuel, labor, inflation, and sluggish traffic growth. In the international arena, excessive capacity produced uneconomical levels of passenger load factors. U.S. carriers also had to contend with the practices of foreign governments and carriers which deny U.S. carriers a fair and equal opportunity to compete with the homeland carrier. Such practices include illegal ticket discounting and rebates, discriminatory or excessively high landing fees, and restrictive national currency regulations. This situation has complicated negotiations with foreign governments and fostered a growing recognition that the sound development of international air transport will require a new era of cooperation and understanding between governments.

The Board granted final approval to an agreement establishing a unique cargo transport service between an air freight forwarder and over 50 commuter air carriers to provide fast freight service between large hub cities and smaller surrounding communities.

The Board approved an 8-percent commission for travel agents on sales of tickets for "family travel" fares, and also authorized air carriers to meet and discuss the feasibility of a joint, industrywide computerized reservations system which may provide more efficient services to carriers, agents, and the public at lower cost.

During fiscal 1975, the Board liberalized the requirements for travel group charters (TGC's), and as a result TGC filings for 1975 tripled over 1974. Inclusive tour charter (ITC) filings increased by one-third during the same period. In addition, in November 1974 the Board proposed rules for one-stop inclusive tour charters (OTC's) which would permit groups from the general public to purchase an all-inclusive air and ground package to a single destination. This is significantly more liberal than the three-stop requirement in the present ITC rules. In April 1975 the Board issued a supplemental proposed rule which contemplated easing substantially the restrictions of its earlier proposal. Also under consideration was a proposal to establish a special-event charter permitting the general public to charter aircraft to attend unique events of a sporting, religious, educational, cultural, or political nature.

The Board issued interim decisions in the *Mainland U.S.-Puerto Rico/Virgin Islands Fares Investigation* and the *Airport Security Charges Investigation*. Additionally, administrative law judges' initial decisions were issued in the *Hawaii Fares Investigation* and the *Baggage Allowance Tariff Rules in Overseas and Foreign Air Transportation Case*, and Board review was in progress at year end. A general domestic fare increase of 4 percent was allowed in November 1974, but proposed rises of 5 and 6 percent were suspended in June of 1975.

During fiscal year 1975, subsidy accruing to eligible air carriers totaled $63.0 million compared to $73.0 million for fiscal 1974. This $10 million drop in subsidy was accounted for by the local service carrier group, while subsidy for the three Alaskan carriers remained about the same at a $4 million level.

The terms of Class Rate VII were amended, as of January 1, 1975. Under this change, improvements or deficiencies in need established in the base period of the class rate are shared on a 50–50 basis between the carriers and the Government, with the proviso that prospective individual subsidy rates cannot exceed the ceiling established in the class rate.

Several air cargo rates and service proceedings were in various stages during the year. These included the *Domestic Air Freight Rate Investigation*, in which the administrative law judge issued his initial decision, and the *Investigation of Rules and Practices Relating to the Acceptance and Carriage of Live Animals in Domestic Air Freight Transportation*. Carrier requests for rate increases to offset inflationary pressures were permitted on a selected basis as were carrier requests for offpeak rates intended to offset slumps in traffic because of economic conditions.

During fiscal 1975, the Board demonstrated a significant new enforcement capability as a result of previous reorganizations affecting the Bureau of Enforcement. The Board concluded 943 compliance actions through informal means and, under a new litigation program, instituted 100 formal proceedings, including 54 civil penalty cases and 46 formal complaints, and obtained 45 cease-and-desist orders. The Bureau also brought or participated in seven Federal court proceedings on behalf of the CAB. The CAB also accepted 41 civil penalties totaling $556,594 in amounts from $500 to $150,000, an increase of 16 percent over the $478,000 accepted in fiscal year 1974. In addition, 36 third-party complaints were filed, and 22 third-party complaints were dismissed during fiscal year 1975.

In an effort to reduce the regulatory burden on the industry and the traveling public, the Board, through rulemaking actions, eliminated several detailed reporting requirements pertaining to spare-parts inventories, summaries of income taxes, and the details of six miscellaneous balance-sheet accounts relating to prepayments, special funds, and intangible assets.

DOMESTIC AVIATION

DOMESTIC ROUTES

Amid rising fuel costs, the general inflationary trend, and depressed economic conditions, the airlines industry remained sluggish throughout most of fiscal year 1975. Domestic revenue passenger-miles for the trunks and locals declined by 1.9 percent. Total operating revenues increased 9.7 percent but were outpaced by total operating expenses which advanced 15.0 percent. As a result, return on investment for the year was 5.28 percent for the trunks and 4.47 percent for the locals. This was 3.04 and 8.94 percentage points, respectively, below the previous year.

The Board moved to hold cost increases to a minimum by eliminating unnecessary route restrictions through route realignments and transfers. Route realignments were completed for Allegheny, Frontier, and North Central. Route transfers involving American-Pan American, docket 26245, and Eastern-Ozark, docket 26668, were approved, although others were disapproved.

Ten cases were set for hearing during the year as indicated by the table below. The more significant of these were the *Detroit-Boston Nonstop Investigation,* docket 27758; the *Boston-Atlanta Nonstop Case*, docket 28033; the *Fort Myers-Atlanta Case*, docket 27237; and the *Peoria Service Investigation,* docket 27761. Hearings were concluded in the *Fort Myers-Atlanta Case,* and the decision of the administrative law judge was imminent as the fiscal year closed. The tempo of route cases stepped up toward the end of the year as traffic growth showed a modest upturn.

The Board also authorized one-stop and special-event charters. These liberalized charter rules are expected to be implemented early in the next fiscal year.

As a result of the *New England Service Investigation,* the Board certificated a ninth local service carrier. Air New England, formerly a commuter air carrier, received authority to serve 13 New England communities.

Cases set for hearing during fiscal 1975

Name of case	Type	Docket No.	Board order	Dated
Fort Myers-Atlanta Case	[1]	27237	75-2-50	Feb. 11, 1975
Peoria Service Case	[1]	27761	75-4-103	Apr. 21, 1975
Detroit-Boston Nonstop Investigation	[1]	27758	75-4-96	Apr. 18, 1975
Chicago-New Orleans Nonstop Case	[1]	27990	75-6-104	June 23, 1975
Boston-Atlanta Nonstop Case	[1]	28036	75-6-150	Jun. 30, 1975
Pan American-Western Route Transfer	Transfer	27104	74-10-127	Oct. 24, 1974
Service to Stockton Case	Deletion	26739	74-11-76	Nov. 18, 1974
Deletion of Columbus, Nebr.	Deletion	26530	74-9-46	Sep. 13, 1974
Deletion of Mayaguez	Deletion	27062	74-12-39	Nov. 11, 1974
Deletion of Clinton, Iowa	Deletion	27037	75-1-3	Jan. 2, 1975

[1] Applications for domestic route authority.

Service to Small Communities

High unit costs, as well as such factors as relative isolation from the national transportation system, caused the Board to authorize the suspension or deletion of service at 25 local service carrier points during the fiscal year. In addition, the Board continued to approve suspension/substitution agreements, under which local service carriers suspend service in favor of replacement service provided by commuter carriers. Not only is this a means of continuing service to small communities at lower costs, but often, additional and better timed frequencies result. Requirements for joint fares and interline ticketing assure an integrated pattern of commuter-certificated carrier service. The table on the following page lists the communities at which suspension/replacement agreements were permitted during the year.

Partially as a result of local service carrier retrenchment, the Board began to explore alternatives to the present method of providing subsidized service to small communities. "Flow through" subsidy between Frontier and Air Midwest, a commuter carrier, was authorized on an experimental basis. This permitted Air Midwest to receive subsidy compensation for replacement service at the commuter carrier's lower cost level. Subsidy was paid to Frontier, which in turn compensated Air Midwest. However, the experiment was terminated at the close of the fiscal year due to an adverse court ruling.

A comprehensive staff study of the domestic route system was compeleted during the year. The study analyzed the present 48-State domestic route system and developed a forecast of traffic growth and service needs through 1985.

The Board established a special independent staff to study the effectiveness of Federal economic regulation of air transportation. The "Special Staff on Regulatory Reform" was directed to analyze the principal features and effects of the Board's economic regulation of air transportation. In the course of this analysis, the study evaluated various possible changes to the existing regulatory structure.

INTERNATIONAL ROUTES

Extensive hearings were held in the *Transatlantic Route Proceeding,*

Chronological List of Air Carrier Suspensions and Commuter Air Carrier Replacements

Approved in Fiscal Year 1975

Certificated carrier	Commuter air carrier	Point(s)	Docket No.	CAB order	Date	Duration
Allegheny	Chautauqua Airlines Inc.	Jamestown, N.Y.	26618	74-7-40	July 10	10 years
Allegheny	Pocono Airlines, Inc.	Williamsport-Newark (market)	19884 & 26816	74-7-58	July 15	Until July 1, 1978
Hughes Airwest	Harbor Airlines, Inc.	Astoria-Seaside, Oreg.	26681	74-9-7	September 4	7 years
Allegheny	Air Wisconsin, Inc.	Kokomo-Logansport-Peru, Ind.	21389	74-11-45	November 3	7 years
Frontier	Sun Valley Key Airlines, Inc.	Moab, Utah	25206	74-11-50	November 12	Until October 1, 1975
Hughes Airwest	Cascade Airways, Inc.	Pullman, Wash.-Moscow, Idaho, and Walla Walla, Wash.	26823	74-11-88	November 19	7 years
Southern	South Central Air Transport, Inc.	Natchez, Miss.	26588	74-11-123	November 21	7 years
Hughes Airwest	Cochise Airlines, Inc.	Kingman, Ariz.	27074	75-2-75	February 18	3 years
Allegheny	Air North, Inc.	Massena, Ogdensburg, Watertown, Saranac Lake-Lake Placid, and Plattsburgh, N.Y., and Rutland, Vt.	26895	75-4-67	April 11	10 years
Hughes Airwest	Eureka Aero Industries	Crescent City, Calif.	27402	75-5-45	May 13	7 years

docket 25908. Applications were heard for renewal of existing route authority and for proposed new authority, including 15 new U.S. terminal points. Pending the final outcome of this case, Pan American and TWA were granted authority to implement an agreement for temporary transfers and suspensions of operations in the Pacific and Europe. Pan American also sought and was granted authority to suspend operations in the New York-San Juan and other U.S.-Caribbean markets. In addition, other suspensions were authorized to Pan American and TWA.

Other important international route matters were also decided or begun during the year. Final decision was reached in the *American-Pan American Route Exchange Case,* docket 26245. Following the conclusion of an expanded bilateral agreement between the United States and Canada, formal proceedings were instituted contemplating new United States-Canada route authority. The *Honolulu-Vancouver Route Proceeding,* docket 27153, and other Canadian access cases were in progress at the year's end.

ALASKA

Hearings were concluded in two Alaskan cases: *The Kodiak-Western Alaska Renewal Proceeding,* docket 23604, and the *Howard J. Mays Revocation/Munz Northern Certification Proceeding,* docket 25655. Both of these cases were severed from the comprehensive *Alaska Service Investigation,* docket 20826. Severance of these and other matters from the latter proceeding facilitated a more orderly resolution of remaining issues therein. Final Board decisions were imminent at the end of the fiscal year.

INFORMAL ROUTE MATTERS

During the fiscal year, action was completed on 320 applications for temporary authorizations of various types. This was 20 more than in fiscal year 1974. Informal (nonhearing) route applications, which require the largest part of the analytical work on informal cases, increased from 255 in fiscal year 1974 to 272 in fiscal year 1975.

A high priority is given to informal route applications, thereby assuring that route modifications which hold the promise of improved public transportation and reduced carrier costs and fuel usage can be quickly implemented.

ROUTE-RELATED STUDIES

Two editions of the costing handbook, *Local Service Air Carriers' Unit Costs,* were published, one covering the year ended March 31, 1974, and the other for the year ended September 30, 1974. The publication is the chief costing reference for the Board and the industry in route proceedings.

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The Board also released two editions of another report, *Commuter Air Carrier Traffic Statistics.* One covered the year ended June 30, 1973, and the other the year ended December 31, 1973. Selected data on commuter traffic for the calendar years 1973 and 1974 are noted below.

Commuter Air Carrier Traffic, Calendar Years 1973 and 1974

Quarter	Number of carriers [1]		Passengers	
	1973	1974	1973	1974
First	124	133	1,301,639	1,585,808
Second	124	134	1,473,808	1,731,413
Third	136	136	1,555,693	1,901,279
Fourth	137	130	1,356,474	1,623,863
Year total	159	158	5,687,614	6,842,363
			Cargo (pounds)	
			1973	1974
First	121	136	21,072,535	29,890,465
Second	122	138	24,055,503	33,443,708
Third	137	138	24,228,870	35,563,147
Fourth	138	139	23,606,281	39,381,697
Year total	167	165	92,963,189	138,279,017
			Mail (pounds)	
			1973	1974
First	67	68	36,609,009	39,383,831
Second	61	69	40,364,135	40,860,593
Third	66	69	36,435,598	39,679,259
Fourth	61	65	34,386,848	36,369,437
Year total	78	81	147,795,590	156,293,120

[1] Number of carriers reporting the traffic data shown for each quarter and year.

Source: CAB Forms 298–C, schedule T–1.

In addition, two reports summarizing trunkline and local service carrier enplanements, by airport, for fiscal years 1973 and 1974 were also published.

A report entitled, *A Profile of Airline Service in the 48 Contiguous States, May 1, 1973,* was also published. The study—the first of its kind to draw together enplanements and service data of both the certificated carriers and the commuter carriers, along with population data of the 591 communities receiving service—summarized the levels of traffic and service and the population charteristics in tabular form.

One other report, *Commuter Carrier-Certificated Carrier Competition,* analyzed the impact of the commuters on the certificated system.

DENIED-BOARDING REPORTS

The Board continued to make consumer-oriented information available to the public. Two reports summarizing carrier statistics on passengers denied confirmed space in fiscal years 1973 and 1974 and calendar years 1973 and 1974 were released. Both reports contain detailed data pertaining to passengers denied boarding in both domestic and international operations of U.S. carriers.

CONTROL AND INTERLOCKING RELATIONSHIPS

Sections 408 and 409 of the Federal Aviation Act make unlawful certain control and interlocking relationships unless approved by the Board. During the year the Board acted on 134 applications for approval of such relationships. These actions ranged from proceedings involving full hearing to summary orders granting exemptions permitting the relationships to exist. In one case involving the acquistion of control of certain air taxi operators by motor carriers, new policies were established after hearing concerning the exemption of noncertificated carriers under section 408(a)(5) of the Act. *(Viking International Airfreight, Inc., et al.,* docket 24068 and 24823).

A request for extraordinary relief to allow a party seeking to acquire a supplemental air carrier to provide interim, substantial financial and managerial assistance to the carrier pending final Board action was denied as unjustified, although the parties argued the carrier was on the verge of ceasing all operations and liquidating its properties *(Aeroamerica, Inc.; GAC Corp.; and Modern Air Transport, Inc.,* docket 26944).

Further procedural development occurred in the Board's important *Institutional Control of Air Carriers Investigation,* docket 26348. This case was initiated to determine whether, and in what manner, various financial institutions may influence airline managements and to consider what action the Board should take where control or interlocking relationships are found to exist. The Board added new parties to the proceeding, deleted others, and established three phases to guide the conduct of the investigation.

INTERCARRIER AGREEMENTS

Certain agreements affecting air transportation between an air carrier and other carriers must be filed under section 412 of the Act and approved or disapproved by the Board in the public interest.

A substantial number of agreements are resolutions adopted by the members of air carrier trade associations in the interest of establishing uniform procedures for handling interline passenger and cargo movements and other traffic matters, as well as the appointment and compensation of travel agents (see Travel Agent Matters, below).

The Board issued a decision on its *Investigation of the Bylaws of the Air Traffic Conference of America (ATC),* docket 23542, following extensive hearings. The Board approved the bylaws subject to conditions relating to members' withdrawal from existing resolutions, to new procedures on the recording of votes, and to the reporting of certain data to the Board.

The Board also granted final approval to an agreement establishing a unique cargo transportation service between an air freight forwarder and over 50 commuter air carriers providing fast freight service between

large hub cities and smaller surrounding communities. *Emery Air Freight Corp. and Air Midwest, Inc. et. al.,* docket 25554.

At year's end, the Board issued its decision in the *Capacity Reduction Agreements Case,* docket 22908, which concerned whether domestic capacity-reduction agreements might properly constitute a useful regulatory tool for the Board. The Board disapproved the agreements under review and generally outlined its future policy concerning arrangements of this nature. The Board's decision in the *Express Service Investigation,* docket 22388, i.e., that the joint REA-air carrier system of providing air express should be ended, is still under appeal in the courts by the parties.

TRAVEL AGENT MATTERS

Although the Board does not directly regulate the activities of travel agents, it is involved because of its responsibility under section 412 of the Act to pass upon intercarrrier agreements adopted by members of air carrier trade associations to govern their working relationships with agents.

In addition to approving an 8-percent commission on sales of tickets for "Family Travel" fares, the Board approved several other agreements having a significant impact upon the travel agency industry. Specifically, the Board approved an ATC agreement establishing an improved mechanized sales reporting system for ticket agents. Also, a new agreement was approved establishing a testing program for travel agents to enhance the professional quality of the travel agency industry. In addition, final approval was granted to an agreement among the supplemental air carriers establishing procedures for the appointment of their agents. The Board also authorized the carriers to meet and discuss the feasibility of a joint, industrywide computerized reservation system which may provide more efficient services to carriers, agents, and the public and at a lower cost.

CHARTER REGULATIONS

During fiscal 1975, the Board liberalized the requirements for travel group charters (TGC's). As a result, the number of TGC filings tripled in 1975 over fiscal year 1974. Inclusive tour charter (ITC) filings increased by one-third in fiscal year 1975 over the previous year. A summary of TGC and ITC activity by fiscal year shows the following:

	1973	1974	1975
TGC filings	140	124	353
TGC flights proposed	4,026	5,920	11,818
ITC filings	191	290	416
ITC flights proposed	1,864	4,311	5,377

In addition, in November 1974 the Board proposed rules to allow the operation of one-stop inclusive tour charters (OTC's). This proposal,

which would permit groups drawn from the general public to purchase an all-inclusive air and ground package to a single destination, is substantially more liberal than the three-stop requirement in the present ITC rules. In April 1975 the Board issued a supplemental notice of proposed rulemaking which contemplated easing significantly the restrictions that it proposed in November 1974. The later proposal could lead to substantially increased numbers of OTC's offered to the public at prices that in many cases would be considerably lower than those that would have been available under the restrictions proposed in the earlier notice. Also during the year, the Board had under consideration a proposal to establish a special-event charter which would permit the general public to charter aircraft to attend unique events of a sporting, social, religious, educational, cultural, or political nature.

SUPPLEMENTAL AIR CARRIERS

There were eight certificated U.S. supplemental air carriers as of June 30, 1975.

The administrative law judge issued his recommended decision in the *Transatlantic Route Proceeding* on January 17, 1975. The Board also decided to consider the *Supplemental Renewal Proceeding* and the *Transatlantic Route Proceeding* contemporaneously. These cases are to determine (1) whether the supplementals' authority for international charter service, including international and domestic inclusive tour charter service, should be renewed, and (2) if so, which of the presently authorized carriers and new applicants should be designated to serve each geographic area.

The certificated areas of authority of the supplemental air carriers are as follows:

	Domestic U.S.	Canada	Mexico	Caribbean	Central and South America	Trans-pacific	Trans-atlantic
Capitol Int'l Airways, Inc	X			X			X
Johnson Flying Service, Inc	X	X					
McCulloch Int'l Airlines, Inc	X	X	X				
Modern Air Transport, Inc	X	X	X				
Overseas Nat'l Airways, Inc	X			X			X
Saturn Airways, Inc	X			X			X
Trans Int'l Airlines, Inc	X			X	X	X	X
World Airways, Inc	X			X	X	X	X

AIR FREIGHT FORWARDERS

Combined domestic and international forwarder revenues from air freight forwarding increased from $817,977,000 in calendar year 1973 to $1,017,077,000 in calendar year 1974. Over these same periods, air freight forwarders increased the tonnage they consolidated from 945,068

to 982,787, an increase of 3.8 percent. Net profit, meanwhile, increased $2,997,000 from 1973 to 1974. The summary below reflects the development of the air freight forwarding industry.

Air Freight Forwarder Industry

[Dollars in thousands]

Calendar year	Authorized air freight forwarder companies	Consolidation in tons	Revenues	Expenses	Operating profit*
1965	120	270,365	163,642	157,574	6,069
1966	137	291,645	180,241	177,319	2,922
1967	145	350,129	218,603	214,649	3,954
1968	171	465,793	270,241	265,701	4,540
1969	195	598,755	390,993	386,727	4,266
1970	212	730,342	483,787	473,971	9,816
1971	240	728,297	556,552	557,971	−1,419
1972	262	854,687	654,096	643,870	10,226
1973	314	945,068	817,977	801,727	16,250
1974	338	982,787	1,019,589	1,000,342	19,247

*Before taxes.

Applications pending June 30, 1974	83
Applications received	73
Operating authorizations granted	77
Applications dismissed	7
Applications pending June 30, 1975	72
Total authorized air freight forwarders	343
Forwarders holding both domestic and international authorizations	222
Domestic authorization only	62
International authorization only	59

AIR TAXI OPERATORS

All air taxi operators were required to reregister with the Board on or before July 1, 1975. This is a biennial requirement. As of the end of the fiscal year 1975, a total of 3,022 air taxi operators had submitted registration material. Of that number, 205 were commuter air carriers which either transport mail or perform scheduled passenger or cargo services.

The Board also issued, during fiscal 1975, 15 exemptions to air taxi operators to use "large aircraft" in specific areas or markets.

FOREIGN CHARTER CARRIERS

During the past year, the number of charter-only foreign air carriers continued to grow as nine permits were granted to new carriers.

There are 92 foreign charter-only carriers, all with authority to engage in planeload charters between the United States and their homeland. Nearly all of those carriers have been authorized to operate inclusive tour charters, many hold limited cargo charter authority, and some have been authorized to operate charters from countries other than their homelands to the United States.

The number of requests for off-route charter authorization by foreign route carriers and requests for permits to conduct noncommon-carriage flights both decreased during 1975.

	Fiscal year				
	1971	1972	1973	1974	1975
Noncommon-carriage flight permits	192	446	259	332	172
Off-route charter permits	853	915	1,255	1,054	885

INTERNATIONAL AIR TRANSPORTATION

ECONOMIC CLIMATE

The record of the U.S. and world international air transportation industry has been one of continued growth and achievement over a long period of time. A steady succession of faster and larger aircraft—from the era of the DC–3 to the DC–10 and B–747—were placed in operation. Air routes and services were expanded to provide accessibility to every part of the world on a routine, frequent basis. The convenience of air travel was made available to millions of people, of all walks of life. The industry continues to be dynamic and resourceful, but it is also obvious that the industry—U.S. and world—is currently suffering from poor financial health.

Pan American and Trans World Airlines, the principal international air carriers of the United States, have incurred heavy losses in their operations over the past few years. They are not alone. A number of foreign air carriers with which they compete have also incurred heavy losses. A selected number of U.S.-flag and foreign air carriers continue to operate in the black, but the general picture remains one of great concern for the industry.

The immediate explanation for the poor financial showing of U.S. and other carriers is the soft demand for international air transportation as a consequence of the general turndown in world business conditions. In the United States-Europe air market, charter traffic for carriers belonging to the International Air Transport Association (IATA) dropped 31.6 percent in 1974, and 8.5 percent in the first half of this year. Scheduled traffic of IATA member carriers in the United States-Europe market declined 6.8 percent last year, and was down 8.6 percent in the first half of this year. The United States-Europe market accounts for better than 40 percent of the passenger traffic moving in all United States-international air passenger markets, and is thus an important market indicator.

The depressed state of the United States-Europe air passenger market, and other foreign markets served by U.S. carriers, has been accompanied at the same time by precipitous increases in the price of

fuel. In the first half of 1974, the fuel bill for Pan American was $81.3 million more than the same amount of fuel would have cost in 1973, based on its worldwide operations. For Trans World Airlines, fuel in the first falf of 1974 cost $99.8 million more than it would have at the 1973 prices. The increase in the price of oil agreed upon recently by the Oil Producing Exporting Countries (OPEC) further adds to the cost difficulties of providing international air services. The picture is further darkened by the escalating cost of labor and in other carrier expenses, and in a dampening of demand for air services as the costs are passed on.

The problems of U.S.-flag carriers in their international air transportation operations go beyond the impact of higher fuel costs, inflation, and sluggish traffic growth. They are also called upon to operate in international air markets—notably, the United States-Europe market—where excessive capacity maintains passenger load factors at uneconomical levels. U.S. air carriers in the United States-Europe and other foreign markets must also contend with the practices of foreign governments and carriers which act to deny U.S. carriers a fair and equal opportunity to compete on the same footing with the homeland carrier. Such practices include illegal ticket discounting and rebates, discriminatory or excessively high landing charges, and restrictive national currency regulations.

The fundamental basis for improvement in the financial situation of both U.S. and foreign air carriers operating in international markets must come from an improvement in the general economic conditions of the world. There are signs that an upswing is emerging. Concurrently, there is also growing recognition, it is believed, that sound development of the international air transportation industry will require new cooperation and understanding between governments.

BILATERAL RELATIONS

Economic Philosophy

The many U.S. bilateral air transport agreements currently in force reflect the liberal economic philosophy first embodied in the Agreement concluded between the United States and the United Kingdom at Bermuda in 1946. Under the so-called Bermuda principles, the carriers of each party to the Agreement are free to operate the capacity deemed desirable to meet the needs of the marketplace, subject to the call by either party for an *ex post facto* review of the capacity operated by the carrier(s) of the other country, to insure that, *inter alia,* the carriers have a fair and equal opportunity to compete, the carriers of one country do not operate so as to affect unduly the operations of the carriers of the other country, the air services bear a close relationship to the public need for air service, and the primary objective of the service is to carry

traffic to and from the carrier's homeland. The Bermuda principles are not an argument against freedom from any control over capacity, but rather they are an argument for first allowing each carrier to exercise its judgment as to capacity needs in the light of its determination of market conditions or opportunity.

The cause of international air transportation has been well served by the economic environment fostered by the Bermuda principles. While more than one factor explains the rapid development of the U.S. and world international air transportation industry in the postwar era, there is no question that the liberal aviation policies adopted by the United States and other countries account in no small way for the results which have obtained. The traveler and shipper in spite of the substantial increases in operating costs and other problems faced by the industry currently continue to enjoy unexcelled services at competitive prices.

Board's Role

The process of obtaining and exchanging air rights with other countries for new or additional rights involves the Civil Aeronautics Board in several respects, as provided for by the provisions of the Federal Aviation Act. It entertains proposals for new and additional air services—scheduled and charter—from U.S. carriers and from foreign governments, and it initiates such proposals in its own right. It invites the views and comments of concerned or interested parties, including citizen groups, other government agencies, and the carrier industry. It recommends, in its capacity as economic adviser on air transport matters, negotiation positions to the Department of State on desired air rights. The Board also takes part in aviation negotiations with other countries as a member of U.S. delegations to negotiations, in cooperation with the Department of State.

The Federal Aviation Act additionally defines the role of the Board in international air transportation relations with other countries in its certification of U.S. air carriers for foreign services and in the issuance of operating authority or permits to foreign air carriers for service to the United States, subject to Presidential approval.

A total of 74 U.S. bilateral air transport agreements were in force, as of June 30, 1975, including 15 agreements based on an assumption of rights (by countries acquiring independence from countries with which the United States has directly concluded an agreement). (See Exhibit 1.) Where no agreement exists, as in the case of Argentina, the Philippines, countries of Central America, and parts of Europe, Africa, and Asia, the U.S. bilateral air transport relations are managed or regulated on the basis of unilateral grants of operating authority by each country or on the basis of reciprocity. In addition to agreements covering scheduled air services, the United States has three agreements—with Canada, Jordan, and Yugoslavia—covering charter or nonscheduled air services. There is also a partial charter agreement with Japan.

Exhibit 1

U.S. Bilateral Air Transport Agreements in Force June 30, 1975

Arab Republic of Egypt	Korea (South)
Australia	Lebanon
Austria	Malagasy Republic [1 2]
Bahamas [1]	Malaysia
Belgium	Malta [1 2]
Bolivia	Mauritius [1 2]
Brazil	Mexico
Burma [2]	Morocco
Canada [3]	Netherlands
Chile	New Zealand
China, Republic of	Nigeria [1]
Colombia	Norway [2]
Congo Brazzaville [1 2]	Pakistan [5]
Cuba [2]	Panama
Cyprus [1 2]	Paraguay
Czechoslovakia	Peru
Denmark	Poland
Dominican Republic	Portugal
Ecuador	Romania
Finland [2]	Sierra Leone [1 2]
France	South Africa
Gambia [1 2]	Spain
Germany	Sri Lanka [1]
Ghana [1]	Swaziland [1 2]
Greece	Sweden [2]
Guyana [1]	Switzerland
Hungary	Syria
Iceland [2]	Thailand
India	Trinidad and Tobago [1]
Indonesia	Turkey
Iran	U.S.S.R.
Ireland	United Kingdom
Israel	Uruguay
Italy	Venezuela
Jamaica	Yugoslavia [4]
Japan	Zaire
Jordan [4]	Zambia [1 2]

[1] Agreement based on assumption of rights and obligations by subject country of air transport agreement between the former motherland country and the United States.
[2] No current U.S. air carrier operations.
[3] Agreements covering both scheduled and nonscheduled services.
[4] Charter agreement only.
[5] Upon partition from India, Pakistan accepted the United States-India Agreement.

Geographic Responsibilities

Responsibilities within the Board pertaining to U.S. air transport relations with other countries are centrally administered on the basis of four geographic areas established for the purpose. They are:

Western Hemisphere (Area I)—Canada, Mexico, Central America and Panama, South America, Caribbean countries, and the Bahamas.

Northern Europe (Area II)—Iceland, the United Kingdom, Ireland, Scandinavian countries, Western Europe, Denmark (including

Greenland), and Eastern European countries, and the Soviet Union.

Mediterranean and Africa (Area III)—Southern Europe (Spain, Portugal, Italy, Greece, and Turkey), Middle East including Israel and Lebanon, Arab countries, Iran, and Africa.

Pacific and Far East (Area IV)—Countries on the Asian continent, Korea and Mainland China to Afghanistan and Pakistan and Pacific Basin countries, Japan, the Philippines, Indonesia, and Australasia.

A complete listing of countries with which the United States maintains air transport relations, and the Board Member with the assigned geographic area responsibility, are shown in Exhibit 2.

Exhibit 2

Board Members' Geographic Area Responsibility

Western Hemisphere—Member Lee R. West

Argentina
*Bahamas[1]
Barbados
*Bolivia
*Brazil
*Canada
*Chile
*Colombia
Costa Rica
*Cuba[2]
*Dominican Republic
*Ecuador
El Salvador
Guatemala
*Guyana[1]
Haiti
Honduras[2]
*Jamaica
*Mexico
Nicaragua
*Panama
*Paraguay
*Peru
*Trinidad & Tobago[1]
*Uruguay
*Venezuela

Northern Europe—Vice Chairman Richard J. O'Melia

Albania[2]
*Austria
*Belgium
Bulgaria[2]
*Czechoslovakia
*Denmark
*Finland[2]
*France
Germany, Democratic Republic[2]
*Germany, Federal Republic
*Netherlands
*Hungary
*Iceland[2]
*Ireland
*Norway[2]
*Poland
*Romania
*Sweden[2]
*Switzerland
*U.S.S.R.
*United Kingdom
**Yugoslavia

Mediterranean and Africa—Member G. Joseph Minetti

Algeria[2]
*Arab Republic of Egypt
Bahrain[2]
Botswana[2]
Burundi[2]
Cameroon
Central African Republic[2]
Chad[2]
*Congo Brazzaville[1 2]
*Cyprus[1 2]
Dahomey
Equatorial Guinea[2]
Ethiopia[2]
Gabon[2]
*Gambia[1 2]
*Ghana[1]
*Greece
Guinea[2]
Guinea Bissau[2]
*Iran
Iraq
*Israel
*Italy
Ivory Coast
**Jordan
Kenya
Kuwait[2]
*Lebanon
Lesotho[2]
Liberia
Libya[2]
*Malagasy Republic[1 2]
Malawi[2]
Mali[2]
*Malta[1 2]
Mauritania[2]
Mauritius[1 2]
Morocco
Mozambique[2]
Niger[2]
*Nigeria[1]
Oman[2]
*Portugal
Qater[2]
Rhodesia[2]
Rwanda[2]
Saudi Arabia[2]
Senegal
*Sierra Leone[1 2]
Somalia[2]
*South Africa
*Spain
Sudan[2]
*Swaziland[1 2]
*Syria
Tanzania
Togo[2]
Tunisia[2]
*Turkey
Uganda[2]
United Arab Emirates[2]
Upper Volta[2]
Yemen Arab Republic[2]
Yemen, People's Democratic Republic[2]
*Zaire
*Zambia[1 2]

See footnotes at end of exhibit.

Exhibit 2—Continued

Board Members' Geographic Area Responsibility—Continued

Pacific and Far East—Member Robert D. Timm

Afghanistan [2]	*Japan	*Pakistan [3]
*Australia	Khmer Republic [2]	Philippines
Bangladesh [2]	*Korea (South)	Republic of Maldives [2]
Bhutan [2]	Korea (North) [2]	Singapore
*Burma [2]	Laos [2]	*Sri Lanka [1 2]
China, People's Republic of [2]	*Malaysia	*Thailand
*China, Republic of	Mongolia [2]	Tonga [2]
Fiji	Nauru [2]	Viet Nam (South) [2]
*India	Nepal [2]	Viet Nam (North) [2]
*Indonesia	*New Zealand	Western Samoa [2]

*Indicates an air transport agreement between the United States and the respective country.
**Charter agreement only.
[1] Agreement based on assumption of rights and obligations by subject country of air transport agreement between the former motherland country and the United States.
[2] No current U.S. air carrier operations.
[3] Upon partition from India, Pakistan accepted the United States-India Agreement.

Consultations and Negotiations

Consultations and negotiations involving the Board in a direct role were held with a number of countries on bilateral air transport matters during fiscal year 1975, and they are summarized below.

Western Hemisphere

Extensive negotiations were held between the United States and Peru in the latter part of the fiscal year, resulting in an exchange of diplomatic notes on July 7, 1975. The exchange provides an understanding with respect to the implementation of the United States-Peru Air Transport Agreement of 1946, as amended. The understanding contained in the exchange of notes will govern the commercial air transport relations between the United States and Peru for a 3-year period.

The United States and **Venezuela** held discussions on aviation relation matters of mutual interest during the fiscal year. The talks resulted in a memorandum of consultation signed on February 28, 1975, which provides for understandings with respect to the implementation of the Air Transport Agreement between the two countries. Venezuela is a major gateway point for traffic moving between South America and the United States, and also important as a commercial and industrial center.

Negotiations were conducted between the United States and **Panama,** resulting in an amendment to the existing Air Transport Agreement between the two countries. The amendment, which took effect from March 5, 1975, provides Panama with a route to Los Angeles via Mexico City. Panama is a key junction point for U.S. air carriers in their services to and from, and beyond, Panama.

Consultations and negotiations were also held during the fiscal year with **Barbados, Bolivia, Ecuador, Guatemala, Guyana,** and **Trinidad and Tobago.** No agreements or understandings were concluded. The discussions served essentially to exchange views on routes, capacity, and other matters relating to scheduled air services and rights.

A total of 62 applications from foreign air carriers belonging to Western Hemisphere countries for new, amended, or renewed operating permits were processed during the fiscal year. Of the total, 12 applications were from South American carriers, 16 from Central American carriers, and 34 from Canadian carriers. The applications to the Board for permits to operate to the United States included both scheduled and nonscheduled services.

Fifty-one additional foreign air permits granted to Canadian carriers were reissued to conform with the provisions of the United States-Canada Nonscheduled Air Service Agreement signed by the two countries on May 8, 1974. Thirty-eight of the reissued permits were for operators of small aircraft, while the remainder were for operators of large aircraft. Nearly 400 U.S. air taxi operators were also designated by the Board in accordance with the new agreement to operate nonscheduled air services between the two countries.

Northern Europe

Negotiations were conducted by the United States and **Netherlands,** concerning questions of capacity. The United States also conducted negotiations with the Scandinavian countries **(Denmark, Norway,** and **Sweden)** and **Belgium** during the fiscal year. These negotiations similarly focused on questions of capacity.

Discussions were held March 17–20, 1975, in Washington, at the request of Austria. They concerned the pattern of U.S. air services and fifth-freedom rights. An understanding was reached between the two countries on the concluding date of the talks.

The United States held discussions with **Poland** on June 17–20, 1975, in Washington. They concerned the latter's request for authority on

behalf of Poland's national air carrier (LOT) to operate additional frequencies to the United States. The discussions concluded without the sought-after authority being granted by the United States.

During the fiscal year, U.S. Government officials also met with those of the Government of the **United Kingdom** on charter matters and the pattern of services of Seaboard World Airlines.

Mediterranean and Africa

Discussions were held with **Spain** on the subject of fares, which resulted in a resolution of the problem raised by the United States. Talks relating to a fare problem were also held with **Iran** but without reaching any solution for the problem. U.S. representatives, in further talks with other governments, met with officials of **Italy** concerning capacity matters.

Pursuant to the approved route realignment between Pan American and Trans World in their worldwide services, formal acceptance of the changes were secured from the Governments of **Morocco** and **Spain** for the concerned portions of the realignment. In other actions, applications of Iran Air **(Iran)** and Royal Air Maroc **(Morocco)** for foreign air permits were processed. The carriers of both countries subsequently commenced air service to the United States.

Pacific and Far East

Negotiations were conducted with the Government of **Singapore,** July 1974, at Singapore, producing an accord on the text of an *ad referendum* agreement. Discussions were held with Australia at Montreal, October 1974, and at Canberra and Melbourne, May 1974, concerning the level of landing charges at Australian airports. Representatives of the two countries exchanged technical data, and are due to reconvene at a later date. Discussions were held with **Thailand,** October–November 1974, at Bangkok, and again in May 1975, pursuant to its request for additional U.S. points. The talks with Thailand ended without reaching any understanding.

Consultations were also held during the course of the fiscal year with the Governments of **Japan, Hong Kong,** and **Pakistan** on various aviation matters.

TRAFFIC DIMENSIONS

General

Total air passenger traffic, based on calendar year statistics, rose from 19.0 million in 1970 to 26.1 million in 1974, an increase of 37 percent.[1] (See Exhibit 3.) From 1973 to 1974, however, air passenger traffic declined 2.3 percent. These statistics reflect all movement: scheduled and nonscheduled or charter traffic, U.S. and foreign

[1] Air passengers account for 99 percent of the combined air and sea traffic, or virtually the total.

carriers, including arriving and departing air passengers, but excludes United States-Canada transborder and certain other categories of traffic.

The U.S.-flag carrier share of the air passenger traffic, as a percentage of the total U.S. and foreign-flag carrier traffic, rose from 55 percent in 1970 to 57 percent in the following year, then dropped to 55 percent for the next 2 years, and dropped to 53 percent in 1974.

The United States-Europe air passenger market continues to be the largest air passenger market in the world, but its rate of growth and relative importance have noticeably changed in the recent years. As shown below, traffic in this market increased from 8.5 million in 1970 to 10.3 million in 1974, based on the combined number of passenger arrivals and departures at U.S. gateway points.

Exhibit 3

Air Passenger Travel Between the United States and Other Countries for Calendar Years 1970–74*

Year	Number of passengers (000)			U.S.-flag as percent of total
	U.S.-flag	Foreign-flag	Total	
1970	10,470	8,490	18,960	55
1971	11,751	9,033	20,784	57
1972	13,640	11,380	25,020	55
1973	14,621	12,038	26,659	55
1974	13,854	12,202	26,056	53
Percent change 1974/1970	32	44	37	

*Based on numbers of arriving and departing air passenger traffic at U.S. gateway points, including scheduled and nonscheduled or charter carrier traffic, with the exclusion of United States-Canada transborder traffic and certain other categories of traffic.

NOTE.—Sea travel other than cruise travel is negligible, amounting to about 1 percent of the total air-sea passenger traffic.

Source: "Reports of Passenger Travel Between the United States and Foreign Countries," Immigration and Naturalization Service, U.S. Department of Justice, Washington, D.C.

The United States-Europe market slowed in growth: 21 percent over the 5-year period versus 51 percent for all other U.S. foreign air passenger air markets. As a percent of all air passenger arrivals and departures at U.S. gateway points, the U.S.-Europe air passenger market dropped to 40 percent of the total in 1974, the lowest level in the 5-year period.

U.S. citizen travel, based on the combined total of the numbers of citizen departures and arrivals at U.S. gateway points, declined from 16.3 million in 1973 to 15.3 million in 1974, or a decrease of 6.1 percent. (See Exhibit 4.) This percent decline figure compares to an increase of 30 percent from 1970 to 1974. The number of alien arrivals and departures from U.S. gateway points increased slightly, on the other hand: from 10.4 million to 10.7 million, or by 0.4 percent, 1974 over 1973. Over the 5-year period 1970–74, alien travel to the United States has increased at a faster rate than citizen travel abroad, specifically, 50 percent versus 30 percent, respectively. The U.S. citizen component of the total alien and citizen travel, based on U.S. gateway arrivals and depar-

tures, declined from 61 percent in 1973 to 59 percent in 1974, and from a high of 64 percent in 1971.

U.S. carriers, in 1974, accounted for 53.2 percent of the total alien and citizen travel in all U.S. international air passenger markets, but citizen travel alone made up 58.7 percent of the total alien and citizen travel, a negative spread of 5.5 percent. (See Exhibit 5.) The spread increases to 15.6 percent based on alien and citizen travel in the United States-Europe air passenger market, indicating a substantial disadvantage in the U.S.-flag carrier share of this market. With the exclusion of the United States-Europe market, the position of U.S. air carriers is substantially better in terms of the volume of citizen travel and the volume of alien and citizen travel accounted for by them.

Exhibit 4

Air Passenger Travel Between the United States and Other Countries for Calendar Years 1970–74*

Year	Number of passengers (000)			Citizen as percent of total
	Citizen	Alien	Total	
1970	11,797	7,163	18,960	62
1971	13,201	7,583	20,784	64
1972	15,807	9,213	25,020	63
1973	16,306	10,353	26,659	61
1974	15,317	10,739	26,056	59
Percent change 1974/1970	30	50	37	

*Based on numbers of arriving and departing air passenger traffic at U.S. gateway points, including scheduled and nonscheduled or charter carrier traffic, with the exclusion of United States-Canada transborder traffic and certain other categories of traffic.

Source: "Reports of Passenger Travel Between the United States and Foreign Countries," Immigration and Naturalization Service, U.S. Department of Justice, Washington, D.C.

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Exhibit 5

U.S.-Citizen Travel and U.S.-Flag Carrier Market Shares for Calendar Years 1970–74*

Area and year	Passengers (percent)		
	U.S. citizens	Flying U.S.-flag carrier	Spread
Between United States and rest of world:			
1970	62.2	55.2	−7.0
1971	63.5	56.5	−7.0
1972	63.2	54.5	−8.7
1973	61.2	54.8	−6.4
1974	58.7	53.2	−5.5
Between United States and Europe:			
1970	65.3	48.0	−17.3
1971	66.7	48.0	−18.7
1972	66.8	47.1	−19.7
1973	65.3	49.2	−16.1
1974	62.3	46.7	−15.6
Between United States and rest of world less Europe:			
1970	59.7	61.1	1.4
1971	60.8	63.7	2.9
1972	60.1	60.8	.7
1973	57.9	59.3	1.4
1974	56.5	57.4	.9

*Computed on the basis of numbers of air passenger departures at U.S. gateway points, exclusive of travel over land borders (except Mexican air travel), military personnel, crewmen, and travel between the United States and its possessions.

Source: "Reports of Passenger Travel Between the United States and Foreign Countries," Immigration and Naturalization Service, U.S. Department of Justice, Washington, D.C.

Air Carriers

U.S. scheduled carriers.—A total of 19 U.S. certificated carriers were engaged in scheduled international air services as of June 30, 1975. (See Exhibit 6.) They collectively served a total of 77 countries, including their possessions, and a total of 132 foreign points. The list of 19 certificated carriers included three all-cargo, or cargo-only carriers—Airlift, Flying Tiger, and Seaboard—engaged in scheduled international air services.

U.S. supplemental carriers.—Eight U.S. supplemental—or charter-only carriers—were engaged in international charter operations, as of June 30, 1975, or were authorized to do so by their certificates. The list comprises Capitol International Airways, Johnson Flying Service, McCulloch International Airlines, Modern Air Transport, Overseas National Airways, Saturn Airways, Trans International Airlines, and World Airways. Their certificates authorize all of the supplementals to operate to and from any point in the United States, but only to and from designated countries and regions outside the United States.

U.S. commuter air carriers.—There are also a number of commuter air carriers with authority from the Board to conduct scheduled international air services. The list comprises:

All Island Air
Bar Harbor Airlines

Chalk's International Airline
Dorado Wings
Mackey International Airline
Manhattan Airlines
Pilgrim Airlines
Puerto Rico International Airlines
Shawnee Airlines
Southeast Skyways
Virgin Air

There are also numerous air taxi operators, authorized to engage in international operations, but on a nonscheduled basis.

Foreign scheduled carriers.—A total of 64 foreign carriers representing almost as many countries were engaged in scheduled air services to the United States June 30, 1974, two more than the previous year. (See Exhibit 7.) They served a total of 22 points in the United States and 6 points in the U.S. territories.

Foreign charter-only carriers.—Authority granted by the Board to operate charter flights between the United States and foreign points was outstanding for a total of 99 foreign carriers holding charter-only authority. This includes foreign charter-only carriers which received authority during fiscal 1975. The increase from 50 in fiscal year 1974 is accounted for in most part by conversion of Canadian small-aircraft "casual and infrequent" permits to charter-only permits pursuant to the new United States-Canadian bilateral charter agreement.

Exhibit 6

Foreign Points and Countries Served by U.S. Certificated Carriers in Scheduled Service as of June 30, 1975

Western Hemisphere

Point	Country	Carrier
North America:		
Acapulco	Mexico	AA, BN, EA, WA
Calgary	Canada	RW, WA
Edmonton	do	NW, RW, WA
Guadalajara	Mexico	RW
La Paz	do	RW
Mazatlan	do	RW
Merida	do	PA
Mexico City	do	AA, BN, EA, PA, TI, WA
Monterrey	do	TI
Montreal	Canada	AL, DL, EA
Old Crow	do	WC
Ottawa	do	EA
Puerto Vallarta	Mexico	RW
Tampico	do	TI
Thunder Bay	Canada	NC
Toronto	do	AA, AL, EA, NC, UA
Vancouver	do	UA, WA
Veracruz	Mexico	TI
Whitehorse	Canada	WC
Winnipeg	do	FL, NW

Point	Country	Carrier
Caribbean and Central America:		
Aruba	Netherlands Antilles (Netherlands)	AA, EA
Balboa/Panama City	Panama	BN, PA
Bridgetown	Barbados	EA, PA
Curacao	Netherlands Antilles (Netherlands)	AA, EA
Fort-de-France	Martinique (France)	EA
Freeport	Bahamas	DL, EA
Guatemala City	Guatemala	PA
Hamilton	Bermuda (U.K.)	DL, EA, PA
Kingston	Jamaica	EA, PA
Managua	Nicaragua	PA
Montego Bay	Jamaica	DL, EA, PA
Nassau	Bahamas	DL, EA, PA
Pointe-a-Pitre	Guadaloupe (France)	EA
Port-au-Prince	Haiti	AA, PA
Port-of-Spain	Trinidad & Tobago	PA
Rock Sound	Bahamas	PA
St. John's	Antigua	PA
St. Lucia	British West Indies (U.K.)	EA
St. Martin	Netherlands Antilles (Netherlands)	EA
San Jose	Costa Rica	PA
San Salvador	El Salvador	PA
Santo Domingo	Dominican Republic	PA
South America:		
Asuncion	Paraguay	BN
Barranquilla	Colombia	PA
Bogota	do	BN
Brasilia	Brazil	PA
Buenos Aires	Argentina	BN, PA
Cali	Colombia	BN
Caracas	Venezuela	DL, PA
Georgetown	Guyana	PA
Guayaquil	Ecuador	BN
La Paz	Bolivia	BN
Lima	Peru	BN
Maracaibo	Venezuela	PA, DL
Montevideo	Uruguay	PA
Quito	Ecuador	BN
Rio de Janeiro	Brazil	BN, PA
Santiago	Chile	BN
Sao Paulo	Brazil	BN, PA
Northern Europe		
Amsterdam	Netherlands	PA, SB
Basle	Switzerland	SB
Belgrade	Yugoslavia	PA
Berlin	Germany	PA
Brussels	Belgium	PA, SB
Bucharest	Romania	PA
Budapest	Hungary	PA
Copenhagen	Denmark	PA
Dublin	Ireland	TW
Dusseldorf	Germany	PA, SB
Frankfurt	do	PA, SB[1]
Geneva	Switzerland	TW, SB
Glasgow	United Kingdom	PA, SB
Hamburg	Germany	PA
Hanover	do	PA
London	United Kingdom	PA, SB, TW, NA
Moscow	U.S.S.R.	PA
Munich	Germany	PA, SB

See footnotes at end of exhibit.

Point	Country	Carrier
Nice	France	PA
Nuremberg	Germany	PA
Paris	France	SB, TW[1]
Prague	Czechoslovakia	PA
Shannon	Ireland	SB, TW
Stuttgart	Germany	PA, SB[1]
Vienna	Austria	TW[1]
Warsaw	Poland	PA
Zurich	Switzerland	SB, TW
	Mediterranean and Africa	
Mediterranean:		
Ankara	Turkey	PA
Athens	Greece	TW
Beirut	Lebanon	PA
Damascus	Syria	PA
Istanbul	Turkey	PA
Lisbon	Portugal	PA, TW
Madrid	Spain	TW, PA
Malaga	do	TW
Milan	Italy	SB, TW
Pisa	do	SB
Rome	do	PA, TW
Santa Maria	Azores (Portugal)	TW
Teheran	Iran	PA
Tel Aviv	Israel	TW
Africa:		
Abidjan	Ivory Coast	PA
Accra	Ghana	PA
Cairo	Egypt	TW
Casablanca	Morocco	TW
Cotonou	Dahomey	PA
Dakar	Senegal	PA
Dar Es Salaam	Tanzania	PA
Douala	Cameroon	PA
Johannesburg	South Africa	PA
Lagos	Nigeria	PA
Libreville	Gabon	PA
Kinshasa	Zaire	PA
Monrovia	Liberia	PA
Nairobi	Kenya	PA
	Pacific and Far East	
Far East:		
Bali	Indonesia	PA
Bangkok	Thailand	PA, FT
Hong Kong	United Kingdom	PA, NW, FT
Jakarta	Indonesia	PA
Karachi	Pakistan	PA
Kuala Lumpur	Malaysia	PA
Manila	Philippines	PA, NW, FT
Naha	Okinawa (Japan)	NW, PA, FT
New Delhi	India	PA
Osaka	Japan	NW, PA, FT
Seoul	Korea (South)	NW, FT
Singapore	Singapore	PA
Taipei	Taiwan	NW, PA, FT
Tokyo	Japan	NW, PA, FT

See footnotes at end of exhibit.

Point	Country	Carrier
Pacific:		
Auckland	New Zealand	PA
Melbourne	Australia	PA
Nadi	Fiji	PA
Papeete	Tahiti	PA
Sydney	Australia	PA

[1] Service temporarily reduced to one combination carrier or changed by PA/TW route exchange effective January 1975.

Carrier Code (and list of U.S. scheduled carriers serving foreign points):

AA	American Airlines	NW	Northwest Orient Airlines
AL	Allegheny Airlines	PA	Pan American World Airways
AS	Alaska Airlines	RW	Airwest
BN	Braniff International Airways	SB	Seaboard World Airlines (all-cargo carrier)
CO	Continental Air Lines/Air Micronesia	TT	Texas International Airlines
DL	Delta Air Lines	TW	Trans World Airlines
EA	Eastern Air Lines	UA	United Air Lines
FT	Flying Tiger Line (all-cargo carrier)	WA	Western Air Lines
NA	National Airlines	WC	Wien Consolidated
NC	North Central Airlines		

Exhibit 7

Points Served in the United States by Foreign Carriers in Scheduled Service as of June 30, 1975

City	*Foreign carrier*
Anchorage	AF, BA, JL, KL, LH, SK, SN
Boston	AC, AF, AZ, BA, IB, IN, LH, SR, TP
Chicago	AC, AF, BA, IN, JM, KL, LH, LL, MX, OA, SK, SR
Cleveland	AC
Dallas	AC, MX
Denver	MX
Detroit	AM, BA, JM
Honolulu	BA, CI, CP, JL, KE, PR, QF, TE, VG
Houston	AC, AF, AM, KL
Kansas City	MX
Los Angeles	AC, AF, AM, AR, AV, BA, BR, CI, JL, KE, LH, MX, OP, RG, SK, TE, UT
Miami	AC, AF,[1] AM, AR, AV, BA, BW, DO, EU, GU, IB, JM, LA, LM, LR, MX, NI, OK, OP, PL, RG, TA, TX, UP, VA
New Orleans	GU, SH, TA
New York	AC, AF, AI, AM, AR, AT, AV, AY, AZ, BA, BR, BW, DO, IB, IN, IT, JL, JM, KL, LA, LH, LL, LM, LO, LY, OA, OK, OP, PK, RG, RK, RO, SA, SK, SN, SR, SU, TL, TP, VA, WT
Philadelphia	AM, BA, LH
Phoenix	AM
St. Louis	MX
San Antonio	MX
San Francisco	AC, CI, CP, JL, QF, PR
Seattle	PW, SK
Tampa	AC
Tucson	AM
Washington	AF, BA, IB, SU, VA
	U.S. territories
Guam, Mariana Islands	JL
Majuro, Marshall Islands	ON
Pago Pago, American Samoa	PH, TE, UT
San Juan, P.R.	AF,[1] AV, BW, DO, IB, LI, LM, MX, QQ
St. Croix, V.I.	LI
St. Thomas, V.I.	LI

[1] May be served only from a French Caribbean point.

Carrier codes at end of table.

Carrier codes:

AC Air Canada
AF Air France
AI Air India
AM Aero Mexico
AR Aerolineas Argentinas
AT Royal Air Maro
AV Avianca (Colombia)
AY Finnair
AZ Alitalia
BA British Airways
BR British Caledonian Airways (BCAL)
BW British West Indian Airways (BWIA)
CI China Airlines (CAL)
CP Canadian Pacific Air
DO Dominicana de Aviacion
EU Ecuatoriana (Ecuador)
GU Aviacion (Guatemala)
IB Iberia (Spain)
IN Aerlinte Eirann Teoranta (Ireland)
IR Iran Air
JL Japan Air Lines (JAL)
JM Air Jamaica
KE Korean Airlines (KAL)
KL KLM-Royal Dutch Airlines
LA LAN (Chile)
LH Lufthansa (Germany)
LI Leeward Islands Air Transport (LIAT)
LL Icelandic Airlines—Loftleidir
LM Dutch Antillean Airlines
LO LOT (Poland)
LR Lacsa (Costa Rica)
LY El Al (Israel)
MX Mexicana
NI Lanica (Nicaragua)
OA Olympic Airways (Greece)
OD Aerocondor (Colombia)
OK Czechoslovakia Airlines (CSA)
ON Air Nauru (Nauru)
OP Air Panama
PH Polynesian Airlines (Western Samoa)
PK Pakistan International Airlines (PIA)
PL AeroPeru
PR Philippine Air Lines (PAL)
PW Pacific Western (Canada)
QF Qantas (Australia)
QQ Aerovias Quisqueyana (Dominican Republic)
RG Varig (Brazil)
RK Air Afrique[2]
RO Tarom (Romania)
SA South African Airways
SH SAHSA (Honduras)
SK Scandinavian Airlines System (SAS)[3]
SN Sabena (Belgium)
SR Swissair
SU Aeroflot (USSR)
TA TACA International (El Salvador)
TE Air New Zealand
TL Trans-Mediterranean Airways (Lebanon)
TP TAP (Portugal)
TX TAN (Honduras)
UP Bahamasair (OIA)
UT UTA (France)
VA Viasa (Venezuela)
VG AIR-SIAM (Thailand)
WT Nigerian Airways

[2] Member countries of Air Afrique: Central African Republic, Chad, Congo, Dahomey, Gabon, Ivory Coast, Mauritania, Niger, Senegal, Togo, and Upper Volta.
[3] Member countries of SAS: Denmark, Norway, and Sweden.

Passenger Traffic

Scheduled.—Commercial air passenger traffic between the United States and other countries, with the exclusion of Canada, amounted to 25.6 million in calendar year 1974 (Exhibit 9). Of this amount, scheduled movements including U.S. and foreign air carrier transportation accounted for 22.6 million passengers, or 88 percent of the total, with charter movements accounting for the balance. The figures for 1974 represent a decline of 0.4 million scheduled passengers from the previous year.

In the major U.S.-European market, traffic declined from 9.4 million in 1973 to 8.3 million in 1974, while in markets other than Europe traffic increased by about 650 thousands. Also, Europe's share of the total U.S. market declined from 43 percent in 1972 to 37 percent in 1974. U.S. citizen participation continued to dominate in passenger travel. However, there were approximately 1 million less of these passengers in 1974 (5.1 million) than in 1972 (6 million). U.S. flags carried 3.3 million passengers in 1974, indicating a 40-percent share of the United States-

Europe traffic and a decline in market share of 2 percent from 1973. (See Exhibit 10.)

Of the total market between the United States and all foreign points, U.S. citizens comprised 58 percent (13 million) of the total 22.6 million, a decline of 3 percent from 1972. While U.S. citizen travel is still predominate, U.S.-flag carriers dropped in percentage share from 51 percent in 1972 to 49 percent in 1974. Traffic carried by U.S. flags in 1974 was almost identical with that of 1972. On the other hand, foreign-flag carriers increased their traffic from 10.5 million in 1972 to 11.5 million in 1974 (Exhibit 11).

Charter.—The number of charter passenger flights operated between the United States and other countries declined in number from 23,814 in 1973 to 22,060 in 1974, or a decrease of 7.4 percent. (See Exhibit 12.) On the basis of charter flights operated by U.S. carriers versus the number operated by foreign carriers, the percent decline was 7.2 percent for U.S. route carriers and 19.4 percent for the supplemental carriers. Route and supplemental carriers together accounted for 74.2 percent of total number of charter flights operated in 1973 and 70.1 percent in 1974, with foreign carriers—route and charter-only—accounting for the balance.

The transatlantic market fell, utilizing available seats as a measure, sharply from 3.1 million seats—68.5 percent on the world market—in 1973 to 2.6 million seats—60.8 percent of the world market—in 1974. (See Exhibit 13.) U.S. carriers—route and supplementals—continued to maintain their traditional share of just under three quarters of the transatlantic market: 74 percent in 1973 and 72.1 percent in 1974. Foreign charter-only carriers made substantial progress against foreign route carriers in the remaining share of the transatlantic market from 1973 to 1974. There was a trend toward less concentration in the transatlantic market, as the top five countries dropped from a total of 48.3 percent of the world charter market to 41.9 percent. The three leading countries remained the largest country markets for the transatlantic: the United Kingdom with 12.8 percent of the seats, Germany with 11.1 percent, and Spain with 9.3 percent. All United States-foreign markets, including the transatlantic, produced 4.5 million seats in 1973 and 4.3 in 1974.

United States-foreign markets, with the exclusion of the transatlantic, accounted for 31.5 percent of the available charter passenger seats in 1973 and 39.2 percent in 1974. (See Exhibit 14.) In both years, and as in previous years, the United States-Latin American and Caribbean market was the largest of the three markets after the transatlantic, followed by the transpacific and then the United States-Canada charter

market. What is also pertinently conveyed by the available charter seat statistics is that, although the grand total of seats for all markets has gone down, the big drop was in the number of seats available in the transatlantic market. In absolute terms, the total available seats operated in all charter markets with the exclusion of the transatlantic increased from 1.4 million seats in 1973 to 1.7 million seats in 1974, or an increase of 20 percent.

Exhibit 8

Air Passenger Travel Between the United States and Other Countries for Calendar Years 1972–1974*

Year	Number of passengers (000)			Scheduled percent of total
	Scheduled	Chartered	Total	
1972	21,681	2,920	24,601	88
1973	22,982	3,216	26,198	88
1974	22,580	3,059	25,639	88

* Based on numbers of arriving and departing air passenger traffic at U.S. gateway points, including scheduled and nonscheduled or charter carrier traffic, with the exclusion of U.S.-Canada transborder traffic and certain other categories of traffic.

NOTE.—Discrepancies from Exhibits 3 and 4 due to changes in reporting system.

Source: "Reports of Passenger Travel Between the United States and Foreign Countries," Immigration and Naturalization Service, U.S. Department of Justice, Washington, D.C.

Exhibit 9

Scheduled Air Passenger Travel Between the United States and Other Countries for Calendar Years 1972–1974

Year	Number of passengers (000)			Europe percent of total
	Europe	Other	Total	
1972	9,244	12,437	21,681	43
1973	9,355	13,627	22,982	41
1974	8,310	14,270	22,580	37

Source: Same as Exhibit 8.

Exhibit 10

Scheduled Air Passenger Travel Between the United States and Europe, Calendar Years 1972–1974

Year	Number of passengers (000)			Citizen percent of total
	Citizen	Alien	Total	
1972	6,042	3,202	9,244	65
1973	5,945	3,410	9,355	64
1974	5,067	3,243	8,310	61

Year	Number of passengers (000)			U.S. percent of total
	U.S.-flag	Foreign-flag	Total	
1972	3,874	5,370	9,244	4
1973	3,912	5,443	9,355	4
1974	3,311	4,999	8,310	4

Source: Same as exhibit 8.

Exhibit 11

Scheduled Air Passenger Travel Between the United States and Other Countries for Calendar Years 1972–1974

Year	Number of passengers (000)			Citizen percent of total
	Citizen	Alien	Total	
1972	13,281	8,400	21,681	61
1973	13,644	9,338	22,982	59
1974	13,011	9,569	22,580	58

Source: Same as exhibit 3.

Year	Number of passengers (000)			U.S. percent of Total
	U.S.-Flag	Foreign-Flag	Total	
1972	11,087	10,594	21,681	51
1973	11,623	11,359	22,982	51
1974	11,089	11,491	22,580	49

Source: Same as Exhibit 8.

Exhibit 12

Total Numbers of Charter Flights Operated by U.S. and Foreign Air Carriers Between the United States and Other Countries, Calendar Years 1973 and 1974

	1973		1974		1973/1974 percent change
	Number	Percent	Number	Percent	
U.S. route	10,100	42.4	9,375	42.5	−7.2
U.S. supplemental	7,566	31.8	6,098	27.6	−19.4
Foreign route	4,149	17.4	3,019	13.7	−27.2
Foreign charter	1,999	8.4	3,568	16.2	78.5
Total	23,814	100.0	22,060	100.0	−7.4

Source: CAB Forms 41 and 217.

Exhibit 13

Charter Traffic Between the United States and Foreign Countries by Number of Seats, 1973–74

Country	1973		1974		1973/1974 percent change
	Number	Percent	Number	Percent	
Transatlantic:					
United Kingdom	618,450	13.7	552,717	12.8	−10.6
Germany	668,248	14.8	479,247	11.1	−28.3
Spain	466,114	10.3	403,073	9.3	−13.5
France	201,358	4.5	188,060	4.4	−6.6
Italy	224,614	5.0	185,240	4.3	−17.5
Belgium/Luxembourg	61,650	1.4	120,329	2.8	95.2
The Netherlands	154,243	3.4	116,732	2.7	−24.3
Switzerland	138,319	3.1	99,599	2.3	−28.0
Ireland	61,584	1.4	77,022	1.8	25.1
Greece	120,177	2.7	58,791	1.4	−51.1
Portugal	33,978	.8	46,491	1.1	36.8
Other	346,439	7.7	301,052	7.0	−13.1
Total	3,095,174	68.5	2,628,353	60.8	−15.1
World total	4,516,736	100.0	4,320,053	100.0	−4.4

Source: CAB Forms 41 and 217.

Exhibit 14

U.S. International Passenger Charter Flights—Seats by Class of Carrier, 1973–74

	1973		1974		1973/1974 percent change
	Number	Percent	Number	Percent	
Transatlantic:					
U.S. route	822,883	26.6	672,439	25.6	−18.3
U.S. supplemental	1,468,257	47.4	1,222,129	46.5	−16.8
Foreign route	601,546	19.4	362,450	13.8	−39.8
Foreign charter	202,488	6.5	371,335	14.1	83.4
Total	3,095,174	100.0	2,628,353	100.0	−15.1
Transpacific:					
U.S. route	102,742	39.7	201,090	49.8	95.7
U.S. supplemental	79,180	30.6	125,499	31.1	58.5
Foreign route	76,651	29.6	77,205	19.1	.7
Foreign charter					
Total	258,573	100.0	[1]403,794	100.0	56.2
Latin American and Caribbean:					
U.S. route	639,121	70.5	655,273	73.2	2.5
U.S. supplemental	225,170	24.8	176,827	19.7	−21.5
Foreign route	41,854	4.6	61,589	6.9	47.2
Foreign charter	978	.1	2,117	.2	116.5
Total	907,123	100.0	895,806	100.0	−1.2
Canada:					
U.S. route	64,568	25.2	57,013	14.5	−11.7
U.S. supplemental	17,927	7.0	24,678	6.3	37.7
Foreign route	29,109	11.4	27,618	7.0	−5.1
Foreign charter	144,256	56.4	282,791	72.1	96.0
Total	255,860	100.0	392,100	100.0	53.2
Total:					
U.S. route	1,629,314	36.1	1,585,815	36.7	−2.7
U.S. supplemental	1,790,534	39.6	1,549,133	35.9	−13.5
Foreign route	749,160	16.6	528,862	12.2	−29.4
Foreign charter	347,722	7.7	656,243	15.2	88.7
Total	4,516,730	100.0	4,320,053	100.0	−4.4

[1] Not included in this total are 53,076 seats between Guam and Japan in 1973 and 125,821 seats in 1974.

Source: CAB Forms 41 and 217.

Freight Traffic

Scheduled and charter.—Freight is an increasingly important factor in international air transportation. In 1974, freight made up 35 percent by ton-mile volume of all international/territorial movements on U.S. scheduled air carriers, up from 25 percent in 1970. The freight volume in 1974 was 2.4 billion revenue ton-miles, up from 1.6 billion in 1970 (Exhibit 15).

Exhibit 15

U.S. Certificated Route Air Carriers—Revenue Ton-Miles in International/Territorial Operations
Calendar Years 1970–74

Year	Revenue ton-miles (millions)				Percent of total		
	Freight	Passenger	Mail, express	Total	Freight	Passenger	Mail, express
1970	1,566	3,982	770	6,318	25	63	12
1971	2,195	3,950	619	6,764	33	58	9
1972	2,484	4,220	516	7,220	34	59	7
1973	2,307	4,390	524	7,221	32	61	7
1974	2,391	4,038	472	6,901	35	59	7

Source: "Handbook of Airline Statistics," 1975 ed.; "Air Carrier Traffic Statistics," December 1974.

Freight generated $544 million or 17.8 percent of the total in 1974 for international/territorial operations of the U.S. scheduled carriers. This compares with $286 million in 1970, which represented only 13.8 percent of total revenues. Scheduled freight generated nine times the revenue of charter freight, and this ratio has been increasing since 1970 (Exhibit 16).

Exhibit 16

U.S. Scheduled Air Carriers—Transport Revenues by Service and Traffic Class
International and Territorial Operations, 1970–74

	1970	1971	1972	1973	1974
		($000)			
Scheduled services:					
Freight	251,292	298,817	342,322	380,782	488,397
Express	145	176	267	242	301
Mail	145,153	124,257	109,966	108,912	117,688
Passenger	1,380,388	1,483,973	1,706,512	1,894,914	2,121,651
Excess baggage	15,109	15,672	14,459	15,231	20,965
Charter services:					
Freight	34,314	85,985	106,119	56,796	55,497
Passenger	249,428	246,579	199,426	216,917	230,832
Other transport revenues	3,615	4,216	4,179	6,638	21,243
Overall transport revenues	2,079,445	2,259,675	2,483,250	2,608,433	3,056,573

Source: "Report of Financial and Operating Statistics for Certificated Air Carriers," as submitted by U.S. certificated carriers.

Air freight moved 11 percent of the total value of goods in U.S. foreign trade in 1974, a figure which has remained stable in the past 5 years. During this period, air freight always ran favorably to the U.S. balance of payments (Exhibit 17).

Exhibit 17

U.S. Foreign Trade, Value of Goods Transported by Air Versus Total, 1970–74

[Millions of dollars]

	1970	1971	1972	1973	1974
Air trade:					
Exports	6,088	6,432	7,627	10,430	13,539
Imports	3,415	4,015	5,160	6,930	8,922
Balance	2,673	2,417	2,468	3,500	4,617
Total trade:					
Exports	43,224	44,130	49,778	71,314	97,148
Imports	39,952	45,563	55,563	69,121	100,972
Balance	3,272	−1,433	−5,787	2,193	−3,829

NOTE.—Data include exports of foreign merchandise and Department of Defense export shipments.

Source: Bureau of the Census, U.S. Department of Commerce, "Statistical Abstract of the United States" and "Foreign Trade Reports."

In comparison with sea freight, air is used relatively more often for exports than for imports, both in terms of value of goods and shipping weight (Exhibit 18).

Exhibit 18

Foreign Trade—Air Percent of Air and Vessel Trade, Value and Shipping Weight
Calendar Years 1970–74 (percent)

	1970	1971	1972	1973	1974
Value:					
Exports:[1]					
Air (millions of dollars)	5,984	6,297	7,516	9,092	13,292
Air plus vessel (millions of dollars)	30,599	29,126	33,274	48,723	68,890
Air percentage	20	22	23	19	19
Imports:					
Air (millions of dollars)	3,415	4,015	5,159	6,930	8,922
Air plus vessel (millions of dollars)	28,198	31,051	38,825	49,532	76,087
Air percentage	12	13	13	14	12
Total:					
Air (millions of dollars)	9,399	10,312	12,675	16,022	22,214
Air plus vessel (millions of dollars)	58,797	60,177	72,099	98,255	144,977
Air percentage	16	17	18	16	15
Shipping weight:					
Exports:					
Air (millions of pounds)	891	900	1,072	1,352	1,559
Air plus vessel (millions of pounds)	481,222	409,762	461,959	549,915	530,528
Air percentage	0.18	0.22	0.23	0.25	0.29
Imports:					
Air (millions of pounds)	620	823	931	1,002	1,058
Air plus vessel (millions of pounds)	597,578	624,688	702,562	876,219	894,848
Air percentage	0.10	0.13	0.12	0.11	0.12
Total:					
Air (millions of pounds)	1,511	1,723	2,003	2,354	2,617
Air plus vessel (millions of pounds)	1,078,800	1,034,450	1,164,521	1,426,134	1,425,376
Air percentage	0.14	0.17	0.17	0.17	0.18

[1] Excludes special category commodities.

Source: Bureau of the Census, U.S. Department of Commerce, "Foreign Trade Reports."

U.S. foreign air trade has grown at an average rate of 15 percent a year over the last 5 years—exports somewhat faster than imports (Exhibit 19).

Exhibit 19

U.S. Foreign Air Trade, Year-by-Year Increase in Shipping Weight, 1970–74

	1970	1971	1972	1973	1974
Exports:					
Shipping weight (millions of pounds)	891	900	1,072	1,352	1,559
Increase from previous year (millions of pounds)		9	172	280	207
Percent increase		1	19	26	15
Average yearly compounded increase since 1970		1	9	15	15
Imports:					
Shipping weight (millions of pounds)	620	823	931	1,002	1,058
Increase from previous year (millions of pounds)		203	108	71	56
Percent increase		33	13	8	6
Average yearly compounded increase since 1970		33	23	17	14
Total:					
Shipping weight (millions of pounds)	1,511	1,723	2,003	2,354	2,617
Increase from previous year (millions of pounds)		213	280	351	263
Percent increase		14	16	18	11
Average yearly compounded increase since 1970		14	15	16	15

Source: Bureau of the Census, U.S. Department of Commerce, "Foreign Trade Reports."

U.S.-flag participation in foreign air trade movements fell in the major continents from 40.4 percent of the total in 1970 to 37.7 percent in 1974. The fall was greater for imports than for exports, but U.S. carriers still moved a higher percentage of imports than exports (Exhibit 20).

Exhibit 20

U.S. Carrier Share of U.S. Foreign Air Trade, Based on Shipping Weight, Calendar Years 1970–74 (percent)

	1970	1971	1972	1973	1974
North America [1]	42.3	40.9	39.4	41.4	38.1
South America	37.0	37.9	36.0	36.2	33.1
Europe	37.6	37.3	35.3	36.3	38.2
Asia	52.4	52.9	51.3	46.8	43.0
Australia and Oceania	19.9	29.2	33.2	31.2	32.1
Africa	21.0	21.8	21.5	24.3	25.3
Total	40.4	40.8	39.1	39.1	37.7
Exports	36.1	36.3	34.3	35.4	34.9
Imports	46.5	45.7	44.7	44.2	41.9

[1] Includes Central America and the Caribbean.

Source: Reports of the Bureau of the Census.

Mail

Mail plays a relatively small role in international air transportation revenues (see Exhibit 16). In 1974, mail was responsible for the generation of $118 million in revenues for the U.S. scheduled carriers from their international and territorial operations, or 3.9 percent of their overall transport revenues in such services. This amount is an absolute

increase over the $109 million figure for 1973, but a relative decrease from 4.2 percent of the total. However, the 1974 amount is an absolute decrease from the 1970 figure of $145 million which represented 7.0 percent of the total for the latter year.

MULTILATERAL RELATIONS

In addition to activities and functions relating to bilateral air transport relations, the Board, in cooperation with the Department of State, is involved in various aspects of air transport relations with foreign countries on a multilateral basis.

Multilateral Agreements

The United States is a signatory to six multilateral conventions having fundamental or important impact on international air transportation. They are: Chicago Agreement (Convention on International Civil Aviation, concluded at Chicago, December 1944); Warsaw Convention (Unification of Certain Rules Relating to International Carriage by Air, October 1929); Geneva Convention (Convention on International Recognition of Rights in Aircraft, June 1948); Tokyo Convention (Convention on Offences and Certain Other Acts Committed on Board Aircraft, September 1963); Hague Convention (Convention for the Suppression of Unlawful Seizure, December 1970); and Montreal Convention (Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation, September 1971). To this list may be added the International Air Services Transit Agreement, which came into force with the Chicago Agreement and was opened for signature at Washington.

International Civil Aviation Organization

The Convention on International Civil Aviation, or the Chicago Agreement, has been described as the cornerstone of international aviation. It produced the International Civil Aviation Organization (ICAO), which today operates as a specialized agency of the United Nations. The work of ICAO is centrally concerned with communications and navigational planning for international aviation, and recommending standards and practices relating to all operational and technical phases of aviation (licensing of air personnel, air traffic control, meteorology services, etc.) for adoption by the member countries. ICAO is also engaged in other activities such as the provision of technical aviation assistance in support of the United Nations Developmental Programme (UNDP). The United States has played a key role in the affairs of ICAO, beginning with its initiative to convene the conference leading to the signing of the Chicago Agreement and the creation of ICAO.

21st Assembly of ICAO

The 21st Assembly meeting of ICAO took place at Montreal, the headquarters of ICAO, September 24–October 15, 1974. Assembly meetings are regularly held every 3 years. Such meetings provide for the participation of the full membership of ICAO.

The Assembly gave considerably more attention to the economics of air transport than it had at any previous session. The Assembly directed the ICAO Council, as a matter of urgency, to draw up on a worldwide basis a descriptive list of those major problems confronting international air transport that are not already being dealt with through existing ICAO machinery. This list, which encompassed such issues as tariff enforcement, capacity, international cooperative agreements, the machinery for the establishment of air fares and rates, etc., was sent to States for comment in order to determine what issues could be most usefully discussed at a special conference or meeting.

Another resolution dealt with the annual issuance of a survey of the fares and rates in international air transport. A survey had been issued the preceding year. The Council was also to undertake analysis of the degree to which regional differences in the level of international air passenger fares, variations in fares with the distance and other traffic variables, reflect corresponding variations in operating costs. Development on this resolution is pending the appointment of personnel.

Other actions taken in the 21st Assembly involve the Council's examining the procedure for the establishment of tariffs for scheduled air services, and a reminder to States that tariff enforcement was becoming an increasing problem and States should make every effort to see that published government-approved air tariffs were observed.

The United States Delegation to the 21st Assembly meeting of ICAO included a senior staff member of the Board, who acted as spokesman for the U.S. delegation on economic matters.

Regional Aviation Organizations

Besides the worldwide responsibilities of ICAO, there are also three regional organizations whose purposeful concern is international aviation activities within specific geographic areas. Due to the nature of these organizations and the implications and effect they may have on United States' own aviation interests, they are of continuing concern to the Board. The regional organizations in question are: African Civil Aviation Commission (AFCAC); European Civil Aviation Conference (ECAC); and Latin American Civil Aviation Commission (LACAC). The direct costs of these organizations are borne by the member states. However, ICAO assists in funding some indirect costs.

The United States sponsored a resolution at the 21st Assembly of the International Civil Aviation Organization (ICAO) held at Montreal,

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September 24–October 15, 1974, to bring the activities of the regional aviation bodies into the mainstream of the global aviation forum. Relevantly, the Assembly passed Resolution A21–8, which calls upon the regional aviation bodies to keep ICAO, its Council, and other interested parties informed of their activities. The resolution further calls upon the regional aviation bodies to invite countries not members of said bodies to participate as observers at their proceedings or meetings.

The resolution was first implemented by AFCAC when it invited the attendance of observers from foreign governments, including the United States, for a meeting held at Kampala, Uganda, in April 1975. The Board was represented at this meeting by the Regional Civil Air Attache stationed in Beirut. Several working papers addressed to economic subjects were approved.

OTHER ACTIVITIES

Foreign Visitors

The Board was visited by a number of foreign aviation officials during the course of the year. The list included the President of the Council of the International Civil Aviation Organization, the Director General of Civil Aviation of the Government of Turkey, and the Director General of Civil Aviation for Singapore. The Board also received a number of officials of foreign air carriers.

Technical Assistance

A staff member of the Board presented a series of lectures on air transport economic and regulatory subjects at the Civil Aviation Safety Centre at Beirut, Lebanon, in March–April 1975, under a reimbursable arrangement between the Board and ICAO. The Centre is operated by the Government of Lebanon with the administrative help of ICAO and United Nations Developmental Programme (UNDP) funding on behalf of the developing countries. To the extent that its own responsibilities permit, the Board also provides technical briefings and instruction to aviation officials of the developing countries visiting the Board under ICAO fellowships or bilateral arrangements.

Restrictive Business Practices

The Board, in cooperation with the Departments of State and Transportation, pursuant to the authority contained in the International Air Transportation Fair Competitive Practices Act of 1974 (PL 93–623), is empowered to enter into discussions or negotiations with countries whose airport and airway user charges, and landing fees, are determined to be unreasonable or otherwise discriminatory by the

Secretary of Transportation. In the event that discussions or negotiations prove to be unproductive, the Secretary of the Treasury, with the approval of the Secretary of State, may impose compensating charges, as determined by the Secretary of Transportation, on the foreign carrier or carriers of the concerned foreign country. The amounts so collected are placed in an account established for the purpose by the Secretary of the Treasury, and utilized upon certification by the Secretary of Transportation to make payments to U.S. air carriers offsetting unreasonble or discriminatory user charges they may have paid abroad.

The provisions of this Act have been utilized to the extent of recent discussions held with civil aviation officials of the Government of Australia and the Government of the United Kingdom. Further talks are planned with Australia. The landing charges that U.S. air carriers are obliged to pay at both Australian and British airports are among the highest in the world.

Study Efforts

In support of its international aviation responsibilities, the Board conducts on a continuing basis studies on selected subjects and problems. One study completed in the fiscal year which invited considerable interest was a survey of the direct and indirect subsidy practices of over 60 countries on behalf of their national air carriers. The survey revealed a wide range of types of subsidies, including share equity capital, deferred or nonpayment of dividends, low-cost loans from government agencies, dismissal of loan obligations, government loan payment guarantees, and other types of direct and indirect subsidies. Such assistance understandably gives foreign air carriers in competition with U.S. carriers a decided advantage. The report of the survey, which was made available to the public on a sales basis, went through three printings.

RATE REGULATION

Inflationary pressures, particularly in the cost of aviation fuel, and a downturn in the Nation's economy precipitated an unusually heavy volume of domestic and international fare and rate filings during the fiscal period. As costs spiraled and the economy turned sour, the carriers attempted to offset the decline in earnings with passenger discount fares aimed at stimulating the discretionary travel market and with off-peak rates directed at filling unused capacity.

DOMESTIC PASSENGER FARES

In the first half of fiscal year 1975 the Board issued interim decisions in the *Mainland U.S.-Puerto Rico/Virgin Islands Fares Investigation* (docket 24353) and the *Airport Security Charges Investigation* (docket 25315). The *Mainland-Puerto Rico* case involved the determination of the reasonableness of proposed carrier fare increases in this market. Because intervening fuel cost increases had rendered unreliable the cost data contained in the record, the Board's interim decision dealt solely with the establishment of cost standards and the fare structure to be applied, and directed the carriers to furnish updated information upon which fares could be set, based on the newly adopted cost and structure standards. In addition, the Board ordered the cancellation of promotional fares which it found discriminated against the regular fare-paying passengers.

In the *Security Charges* case the Board determined that the previously effective 59-cent security charge per passenger was excessive in relation to the costs actually being incurred by the carriers and ordered that it be reduced to 34 cents. The security charge had been instituted in 1973 to compensate the airlines for expenses resulting from the effectuation of the Federal anti-hijacking program. The Board further stated that the separate charge feature will be phased out and the costs of providing these safeguards will be built into the total price of the passenger's ticket. Full implementation has been deferred by the Board, however, until it receives further briefs and additional data on issues which it could not reach in its interim decision.

During the latter half of the fiscal year administrative law judges issued initial decisions in the *Hawaii Fares Investigation* (docket 25474) and in the case involving *Baggage Allowance Tariff Rules in Overseas and Foreign Air Transportation* (docket 24869). The central issue in the *Hawaii Fares* case concerned the effect of promotional fares on the overall level of fares between the mainland and Hawaii, and the judge found that such discounts should be eliminated from the rate base when computing the regular fares to insure that normal-fare payers are not burdened by the offering of discounts. In the *Baggage Allowance* decision the judge concluded that, while the present free baggage weight allowances were not unlawful, the charges for excess baggage in foreign and overseas air transportation, which are 1 percent of the first-class fare per kilo, were unjust and unreasonable. The Board has been fully briefed on both cases and had heard oral argument in the *Hawaii Fares* case by the end of FY 1975.

In the area of discount fares, three proposals had been set down for investigation and the prehearing conferences held. These were the *Domestic Night Coach Fare Investigation* (docket 26510), the *Senior Citizen Standby Fares Proposed by Hawaiian Airlines, Inc.* (docket 27612), and the *National Airlines, Inc., "No Frill" Fares Investigation* (docket 27671). Several fares of this type were permitted to go into effect, such as the Night Coach Excursion, Bicentennial, and Allegheny Area Fares. Also in effect was National's "No Frill" experiment, which the Board placed under investigation but did not suspend.

While active in the discount area the carriers continued to pursue general fare increases as a means of offsetting the cost of fuel and double-digit inflation. An increase of 4 percent was allowed in November 1974; however, proposed rises of 5 or 6 percent were suspended in June 1975.

DOMESTIC CARGO RATES

In April 1975, Judge Arthur S. Present issued his initial decision in the *Domestic Air Freight Rate Investigation* (docket 22859). This case was a massive inquiry into the rate level and structure and tariff rules affecting air freight in the 50 States. Chief among his findings were that the rates for transporting air freight should be priced solely in relation to the costs of all-cargo equipment while ground costs should be based on the expense involved in handling and loading both combination and all-cargo aircraft. Further, the judge proposed that a multielement pricing structure be adopted to supplant the traditional system of rates based on weight breaks. These elements consist of a charge per shipment, per piece, and per pound in addition to a line-haul charge. In the judge's opinion a system of rates based on these elements is more closely related to the fashion in which costs are incurred by the carriers. In addition, he proposed that items such as directional rates, density dis-

counts, and minimum charges be eliminated. Also, specific commodity rates would have to meet a minimum cost standard and would automatically expire in 18 months. Existing rules relating to mixed shipments, outsize pieces, and outside pieces were found to be unlawful and should be ordered canceled. The Board, on its own initiative, took up the case for review and set dates for filing initial and reply briefs.

In the *Investigation of Rules and Practices Relating to the Acceptance and Carriage of Live Animals in Domestic Air Freight Transportation* (docket 26310) working groups met in an effort to resolve various controversial issues through the medium of mutually agreeable rules regarding the caging and shipment of live animals, and prehearing conference was held in April.

As with passenger fares the carriers requested increases in the overall level of freight rates to offset inflationary pressures and, at the same time, sought to offer off-peak rates to counter the slump in traffic and fill unused capacity. In the former, the Board permitted from one to three rounds of increases, depending on the carriers. In the latter, several discount rates related to containers tendered at a particular time of day were allowed to go into effect. Despite the general rise in the level of freight rates, several proposals for further increases were turned aside where they were found to be excessive when compared to industry-average costs.

In other cargo matters the Board deferred action on carrier tariffs involving the carriage of hazardous materials pending finalization of a Department of Transportation rulemaking which deals with the acceptability, packaging, labeling, etc., of such materials. A number of embargoes and tariffs filed by the carriers limiting the carriage of hazardous materials were rejected by the Board as not in concert with DOT's rules, although final action was stayed pending judicial review.

INTERNATIONAL FARES AND RATES

The continuing escalation in aviation fuel prices in fiscal year 1975 affected the economics of international air service much less seriously than during the previous period and, although the Board approved several fuel-related fare and rate increases in various areas, it noted that the general tapering off of fuel price increases no longer required a "fuel surcharge" technique then employed by the carriers. Several fare and rate increases of this type were disapproved for this reason, and the Board encouraged the carriers to treat fuel as an ordinary item in their overall cost base rather than an independent element used as justification for rate increases.

Passenger Fares

The unfavorable financial results in North Atlantic scheduled air service, which have become chronic over the past several years, were ex-

acerbated by a marked decline in traffic due to the general economic recession on both sides of the Atlantic, the impact of previous fuel-related fare increases, and the continuing effect of charter competition. The IATA fares package approved by the Board for effect April 1, 1975, left the structure basically unchanged, but increased most fares by a moderate amount and introduced a new advance purchase excursion (APEX) fare at reduced levels in an attempt to rejuvenate traffic growth. While the Board approved the agreement for a limited, 1-year period, it still had serious reservations about the entire fare structure, and accordingly instituted a full investigation of all North Atlantic fares.

In the North/Central Pacific, the Board approved an 8-percent fare increase related to the cost of fuel. The IATA carriers' ability to reach agreement on a fare structure over the past year in this area has been significantly impaired by the growth in competition from non-IATA carriers. As in other areas, the carriers' earnings from the existing fare structure are diluted by the excessive discounts from the normal economy fare offered by the various promotional fares. The Board has urged the carriers to reduce these differentials and, accordingly, disapproved a proposal to raise normal economy fares. In the South Pacific, the Board rejected a 5-percent increase proposal, as well as a 13-percent general increase requested separately, on the basis that carrier earnings were sufficient at existing fares. Subsequently, carriers returned with an agreement for a lesser, 10-percent increase which was still pending at the end of the fiscal year.

A 3-percent rise in United States-Central/South American fares was approved in August 1974 to compensate the carriers for increased fuel costs, but a similar 6-percent increase in U.S. west coast-Mexico fares was disapproved. Additional general increments of varying amounts were approved for fares to Mexico (except from the U.S. west coast), Central/South America, and the Caribbean, with a further addition to Caribbean fares due to the carriers' extremely poor earnings in that area.

Cargo Rates

Requests for a 5-percent fuel-related increase in North Atlantic rates were not approved in October 1974, but the revised rate structure, approved by the Board in February 1975, included general increases of about 10 cents per kilogram in all rates, as well as revisions in the relationships among the various rate categories. Fiscal 1975 also saw the introduction of new planeload general cargo rates in scheduled service, and abrogation by the carriers of the previously approved minimum charter rates. These developments resulted in an intensification of the competition between charter and scheduled services for large-volume shipments at a time when all-cargo traffic was suffering a decline due to the unfavorable economic situation in both this country and Europe.

The Board, in January 1975, turned down a proposed 8-percent general increase in North/Central Pacific cargo rates, but approved increases in individual rates for certain specific commodities. The Board found that, while the carriers' earnings positions indicated a clear need for some revenue improvement, the revenue required should come from the extremely low specific commodity rates rather than from general increases which would impose an additional burden on shippers not advantaged by promotional rates. The Board did, however, stay the effectiveness of its order pending action on petitions for reconsideration from several shippers.

While the Board approved an 8-percent rise in Western Hemisphere cargo rates due to fuel costs, a similar proposal for South Pacific cargo rates was rejected for the same reasons which prompted the Board to disapprove increases in South Pacific passenger fares.

SERVICE MAIL RATES

Phase 2 of the *Domestic Service Mail Rate Investigation* (docket 23080) continued through fiscal year 1975. This case involves the establishment of service mail rates for 24 certificated carriers and about 25 air taxi operators on and after March 28, 1973, the date the Postal Service inaugurated containerized mail services. Temporary mail rates established in FY 1974 were increased in October 1974 to provide a surcharge for the financial impact to the carriers brought about by rising fuel costs. An informal conference was held in February 1975 to negotiate final rates through December 31, 1974, but the Postal Service rejected the proposed rates. A hearing is scheduled before an administrative law judge in September 1975, and final decision is expected in FY 1976.

In April 1975, surcharges were established to Reeve Aleutian Airways' final intra-Alaska service mail rate, retroactive to May 1974, to cover the carrier's increased fuel costs. In June 1975, similar fuel surcharge adjustments were fixed for Alaska Airlines' intra-Alaska service mail rate, retroactive to September 1974.

An investigation of all international service mail rates, transatlantic, transpacific, and Latin American (docket 26487) was instituted in March 1974. The investigation of service mail rates for the transportation of military space-available mail (SAM) in foreign and overseas operations (docket 25279) was consolidated into this proceeding, and the past-period SAM rates, May 1973–March 1974, were fixed in September 1974. In October 1974, increased temporary international service mail rates were fixed on and after March 8, 1974, to reflect cost escalation for fuel price increases. In February 1975, the international temporary service mail rates were further increased in view of higher operating cost experience indicated by reported results for FY 1974. With the passage of the International Air Transportation Fair

Competitive Practices Act in January 1975, the issues in this case were expanded to include consideration of the Universal Postal Union (UPU) rates. UPU rates are paid by international postal authorities, including the U.S. Postal Service, for the air transport of international mail by a foreign carrier. The hearing before an administrative law judge is scheduled for January 1976, and final decision in this case may not be reached until FY 1977.

MILITARY RATES

The full-scale review of minimum rates for Military Airlift Command (MAC) foreign and overseas contract charter services initiated by the Board in August 1973 was completed and final rates fixed in January 1975. Pursuant to modified procedures to minimize the need for retroactive ratemaking, interim final rates were also established by the Board in August 1973 and amended in July 1974 and October 1974 based on the latest available reported operating results.

Fuel cost increases were a significant item for international MAC rates consideration. In January 1974, fuel price surcharge rate adjustments were initiated and became a monthly procedure commencing with March 1974. This monthly adjustment continued through FY 1975 with the fixing of the final rates, but due to the stabilization of international fuel prices, the adjustments were placed on a quarterly basis in FY 1976. However, monthly monitoring of fuel price fluctuations will be continued so as to implement an immediate rate action in the event of a precipitous fuel price change.

In FY 1975, the volume of MAC contract operations in foreign service rose to $207.2 million as compared with $140.7 million in FY 1974. This increase is attributed to cessation of hostilities in Viet Nam and the evacuation of U.S. military forces. It is anticipated that the volume will decline in FY 1976.

In January 1974, the Board initiated a full-scale review of the domestic MAC rates and, following the procedural modification adopted for the international MAC rates, established interim final rates at that time. The interim final rates were further adjusted in November 1974 and May 1975 to reflect the latest available operating results. Since almost all fuels for domestic MAC services are obtained from military sources, a rate escalator provision has effectively compensated for increased fuel costs. A conference was held with carrier and MAC representatives in May 1975 to discuss the various forecast rate proposals, and a Board proposal for the final domestic MAC rates is expected to be issued early in FY 1976.

In October 1973, the Board authorized the scheduled route carriers by exemptions to carry MAC charter traffic on scheduled services (although contrary to Board policy) in the overriding interest of fuel conservation during the supply emergency engendered by the Arab oil embargo. With the lifting of the embargo, requests for renewal of the ex-

emption were first denied; however, premised on short-term financial and fuel conservation considerations, the authority was granted in October 1974 with expiration March 31, 1975. Effective April 1, 1975, the carriers filed tariffs which, in essence, provided for the carriage of military charter traffic on scheduled services at MAC charter rates similar to the service authority previously granted by exemption. The Board permitted these tariffs to become effective subject to expiration on September 30, 1975. In response to carrier petitions to permit the tariffs through FY 1976, the Board granted the extension and set this matter down for investigation. It is anticipated that a hearing before an administrative law judge will be held in the second half of FY 1976.

SUBSIDY

During fiscal year 1975, subsidy accruing to eligible air carriers totaled $63.0 million compared to $73.0 million for fiscal 1974. This $10 million drop in subsidy was accounted for by the local service carrier group, while subsidy for the three Alaskan carriers remained about the same at a $4 million level.

One local service carrier, Allegheny Airlines, became subsidy free effective July 1, 1974. However, on January 3, 1975, Allegheny applied for a return to subsidy support. This application is still pending. A new local service carrier, Air New England, received subsidy under an individual temporary rate effective January 24, 1975.

Subsidy payments to the seven remaining local service carriers were made under the terms of Class Rate VII, as amended. Class Rate VII, which became effective on July 1, 1973, provides for semiannual reviews of subsidy-ineligible operations each March and September; 50 percent of excess ineligible profits is used to reduce the prospective subsidy rates effective January 1 and July 1 of each year. Effective January 1, 1975, Class Rate VII was amended to provide for semiannual reviews of subsidy-eligible operations concurrently with the reviews of ineligible operations. Under this new provision, improvements or deficiencies in eligible need as established in the base period of the class rate are shared on a 50–50 basis by the carriers and the Government, with the proviso that the prospective individual subsidy rates cannot exceed the ceiling rates established in the class rate. Thus, all operations of class rate carriers are reviewed every 6 months, and adjustments to the rate are made accordingly.

Frontier has pending at this time a petition for an adjustment of its subsidy for the past period December 2, 1969, to June 30, 1971. Frontier's petition will be processed through a formal hearing during fiscal 1976; however, a final determination of the amount of past-period subsidy due Frontier (if any) will probably not be made until fiscal 1977. During fiscal years 1975 and 1974 subsidy of approximately $0.1 million

per annum was paid to Air Midwest, a commuter carrier, under a "flow-through" experiment. Payments to Air Midwest ceased after June 1975 as a result of a court decision holding "flow-through" subsidy to be unlawful.[1]

Air New England was granted an increased temporary subsidy rate in October 1975, retroactive to January 24, 1975. A final subsidy rate will not be established until sufficient operating experience can be accumulated.

Currently pending before the Board are petitions for subsidy support by Pan American World Airways and Trans World Airlines. The pending Pan American petition is for a final subsidy rate. The Trans World petitions are for temporary and final subsidy rates for their international operations and temporary and final subsidy rates for their domestic operations.

Profit-sharing determinations for Piedmont Airlines under class rate provisions for the years 1964, 1965, and 1966 are currently being litigated in the courts.

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[1] *Airline Pilots Association International, et al.* v. *Civil Aeronautics Board,* Nos. 74-1512, 74-1600, C.A.D.C. (July 11, 1975).

Subsidy accruing to air carriers, fiscal 1975 and 1974 (000)

	Fiscal 1975	Fiscal 1974
Air New England	905	.....
Allegheny	.....	1,693
Frontier	[1] 11,563	[2] 13,295
Hughes Airwest	7,794	10,500
North Central	11,639	11,625
Ozark	8,156	8,067
Piedmont	7,454	8,244
Southern	6,318	7,302
Texas International	[3] 4,812	7,940
Total local service	58,641	68,666
Alaska Airlines	2,154	2,138
Kodiak-Western	129	129
Wien Air Alaska	2,062	2,062
Total Alaska	4,345	4,329
Grand total	62,986	72,995

[1] Includes $131,019 obligation to Air Midwest for flow-through subsidy for fiscal 1975, of which $120,180 was actually disbursed. Payments were halted due to court ruling of July 11, 1975, which held flow-through subsidy to be unlawful.

[2] Includes $119,992 Air Midwest flow-through subsidy for August 1973–June 1974.

[3] Texas International did not operate from Dec. 5, 1974, through Apr. 4, 1975, because of a strike by its ground employees.

ECONOMIC ANALYSIS ACTIVITIES

The Board's economic analysis activities include monitoring and evaluation of the airline industry's economic, financial, and technological developments, as well as assistance at the various stages of the Board's regulatory decisional process, thus enabling the Board to test its policies and their application to future problems and individual case decisions.

Studies and Analyses Performed

One such analytical study, *Cargo Potential in Combination Aircraft,* was completed during the year and made available for public distribution. Another study, *Economic Analysis of Proposed Noise Retrofit Program,* involving the impact of the additional expenditures on the certificated airline industry, was in preparation at the fiscal year end. Recurring and one-time analyses for internal Board use provided during the year included studies in connection with: decisionmaking phases of cases prior to initial decisions; review of initial decisions; rate of return on investments, based on Board standards; costing standards practices; and effects of major discount fares.

EMERGENCY PREPAREDNESS ACTIVITIES

Continuity of Government Operations

The CAB's Plan for the Continuity of Government Operations was revised and concurred in by the Office of Preparedness, General Services Administration (OP/GSA). Subsequent to completing the emergency staffing requirements for the Board's Washington, D.C., offices and alternate headquarters locations, related actions concerning alerting procedures and instructions and emergency organizational operations were completed for each emergency staff element.

Assessment of Resources

A report entitled *CAB War Air Service Program Resource Report—Calendar Year 1975* was prepared and distributed to interested Federal agencies and all the certificated air carriers. The report predicts

the 1975 volume of essential priority traffic that would require air transportation in case of a major emergency and related this volume to the estimated capacity of the commercial airlines to accommodate it, if the CRAF (Civil Reserve Air Fleet) aircraft are withdrawn.

Interagency Cooperation

The Board continued its cooperation with other Federal agencies in the development and review of emergency preparedness transportation and continuity-of-government plans largely through its membership on the following committees for emergency preparedness planning: The Interagency Emergency Preparedness Committee; The Interagency Emergency Transportation Committee; The U.S./Canada Emergency Planning Committee for Civil Transportation; The Interagency Civil Defense Committee; The Civil Reserve Air Fleet Advisory Committee; and The Energy Conservation Committee. The following is a detailed discussion of the committees:

COMMITTEE SPONSORED BY THE CAB

The *CAB Industry Advisory Committee on Aviation Mobilization,* established in 1954, assists the Board with problems involving mobilization of the air transport industry in a national emergency. The committee assures broad-based, in-depth planning for industry participation in the War Air Service Program required under Executive Order 11490.

The committee last met on June 18, 1968, to discuss identification of essential civil air routes in time of national emergency and other matters involving CAB planning for the program under the Executive order.

Committee members are: S. L. Seltzer, American Airlines, Inc.; J. E. Reinke, Eastern Air Lines, Inc.; W. F. Hockbrunn, Northwest Airlines, Inc.; G. Doubleday, Pan American World Airways, Inc.; T. K. Taylor, Trans World Airlines, Inc.; D. A. Medland, United Air Lines, Inc.; P. J. Rodgers, Ozark Air Lines, Inc.; W. Hendrick, The Flying Tiger Line Inc.; R. A. Neff, Seaboard World Airlines, Inc.; E. J. Driscoll, National Air Carrier Association; and W. J. Lettice, Department of Transportation.

On June 21, 1974, Chairman Timm extended the term of this committee for a 2-year period, beginning July 1, 1974. The Office of Management and Budget agreed to the continuation of the committee, as required by the Federal Advisory Committee Act (Public Law 92-463).

Currently, the committee members assist in the annual preparation of the WASP Resource Report, which is mailed to the committee members for their review and comment prior to its final publication and

distribution to each certificated air carrier and interested agencies of the Government.

INTERAGENCY COMMITTEES NOT SPONSORED BY THE CAB

The Interagency Emergency Preparedness Committee, reestablished on March 26, 1975, by the Office of Emergency Preparedness, helps to coordinate the Federal Government's emergency preparedness development programs.

The Interagency Emergency Transportation Committee, reestablished on July 1, 1973, by a Department of Transportation order, is headed by the Director of DOT's Office of Emergency Transportation. It helps to determine procedures to be taken by the Federal Government to alleviate transportation problems during natural disasters and work stoppages (emergencies of a nondefense nature). DOT is in process of reestablishing the committee for another 2-year period.

The U.S./Canada Emergency Planning Committee for Civil Transportation, created in February 1964 by the Office of Emergency Transportation, studies and coordinates emergency transportation problems common to the two countries.

The Interagency Civil Defense Committee was reestablished on July 8, 1975, by the Defense Civil Preparedness Agency of the Department of Defense. It advises the Director of Civil Defense in carrying out his responsibilities in the field of civil defense.

The Civil Reserve Air Fleet Advisory Committee was reestablished on April 4, 1974, by the Department of Transportation. This group helps to resolve problems relating to the policies and practices used by DOT in the allocation of aircraft to the CRAF program.

The Energy Conservation Committee, established in May 1973 by the Office of Energy Conservation of the Department of the Interior, develops nationwide plans for energy conservation from proposals made by the participants in their areas of specific responsibility.

ECONOMIC ENFORCEMENT

In fiscal 1975, the CAB's Bureau of Enforcement demonstrated a significant new enforcement capability as a result of previous reorganizations. Through its Bureau of Enforcement, the CAB concluded 943 compliance actions through informal means. Under a new litigation program, it instituted 100 formal proceedings, including 54 civil penalty cases and 46 formal complaints,[1] and obtained 45 cease-and-desist orders. The Bureau also brought or participated in seven proceedings in the Federal courts on behalf of the CAB. In fiscal year 1975 the CAB accepted 41 civil penalties totaling $556,594 in amounts from $500 to $150,000, a 16-percent increase over the $478,000 accepted in fiscal 1974. Thirty-six third-party complaints[2] were filed in fiscal 1975, and 22 third-party complaints were dismissed.

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[1] Globus Tours, docket 26876; Arthurs Travel, Inc., docket 26877; Saturn Airways, Inc., docket 26878; British West Indian Airways, Ltd., docket 27083; Foreign Study League, docket 27138; Kimberlin Air Freight, docket 27155; Pan American World Airways, Inc., docket 27166; Western Air Lines, docket 27301; Hawaiian Airlines, docket 27302; Delta Air Lines, docket 27303; Continental Air Lines, docket 27304; Ozark Air Lines, docket 27305; Wien Air Alaska, docket 27306; Reeve Aleutian Airways, docket 27307; Hughes Airwest, docket 27308; Piedmont Aviation, docket 27309; United Air Lines, docket 27310; North Central Airlines, docket 27311; Braniff Airways, docket 27312; American Airlines, docket 27313; Northwest Airlines, docket 27314; National Airlines, docket 27315; Eastern Air Lines, docket 27316; Frontier Airlines, docket 27317; Pan American World Airways, docket 27318; Trans World Airlines, docket 27319; Allegheny Airlines, docket 27320; Shoftour, Inc., docket 27324; National Airlines, docket 27358; Northwest Airlines, docket 27359; Continental Air Lines, docket 27360; U.S. Travel Agency, docket 27384; Texas International Airlines, docket 27434; Hughes Airwest, docket 27435; Seaboard World Airlines, docket 27459; Flying Horse Air Freight, docket 27569; WITS Air Cargo Service, docket 27660; Eastern Air Lines, docket 27704; Eastern Air Lines, docket 27719; Aerovias Quisqueyana, docket 27838; Kinki Nippon Tourist Company, docket 27919; Thirteen U.S. Carriers, docket 27933; Empress Guatemalteca de Aviacion, docket 27937; Aloha Airlines, docket 27982; Pan American World Airways, docket 27991; BCAL, docket 27460.

[2] Alaska Airlines, docket 26864; Kimberlin Air Freight, docket 26889; Jerome S. Rubin, docket 26904; Delta Air Lines, docket 26995; Seaboard World Airlines, docket 27036; Texas Int'l. Airlines, docket 27073; Continental Air Lines, docket 27080; Betty Criner Moore, docket 27133; Marshall E. Deutsch, docket 27131; Caroline M. Hahn, docket 27132; Winifred Aitchison Robinson, docket 27183; Air Nevada, Inc., docket 27192; Truth in Advertising, Inc., docket 27197; Norton F. Tennille, Jr., docket 27230; Alan R. Goldstein, docket 27252; Hugh Exnicios, docket 27288; Pan American World Airways, docket 27372; Harry Green, docket 27415; American Airlines, docket 27424; American Airlines, docket 27444; Pilgrim Airlines, docket 27469; Trans World Airlines, docket 27467; Air Line Employees Association, docket 27462; U.S. Department of Transportation, docket 27488; National Air Carriers Association, docket 27522; U.S. Department of Transportation, docket 27520; Henry M. Karel, docket 27465; State of Maryland, docket 27526; Foremost International Tours, docket 27631; Member Carriers National Air Carrier Association, docket 27682; Diamond Tours and Travel, Inc., docket 27697; SABENA Belgian World Airlines, docket 27793; Pan American World Airways, docket 27963; World Airways and Trans International Airlines, docket 27968; Martin H. Rogol, docket 28003; Andrews International, Inc., docket 28028.

INVESTIGATIONS

In fiscal 1975, a substantial portion of investigation and audit effort went into searches, at the offices of a majority of the U.S. scheduled and supplemental air carriers, for off-the-books cash funds which could have been used for discounting, rebating, and other illegal purposes.

The Bureau's investigators provided many man-hours of assistance to the Department of Justice at New York and San Francisco in support of that Department's investigations into airline rebating practices on the North Atlantic and in the Pacific.

Discussions were held with civil aviation offices in England, Ireland, France, Belgium, and the Netherlands regarding investigation and enforcement matters of common concern in the areas of affinity charters and discount ticketing.

An industrywide review of U.S. scheduled carrier operations which might provide undue or unreasonable preference to selected passengers was completed. Examples of such practices range from preferential assignment of seats and complimentary beverages to the provision of limited-access lounges at airports. A number of formal complaints have been filed by the Bureau against various air carriers as a result of these investigations.

Also of interest in the area of consumerism was the Bureau's investigation of a significant segment of the industry for compliance with CAB regulations requiring carriers to provide designated "no-smoking" areas aboard passenger aircraft.

On-the-site inspections were made at many airline ticket office and freight office locations and at a number of air freight forwarder offices through the country to check for compliance with CAB requirements that official tariffs be made available to the traveling and shipping public upon request, and that notices of this right of inspection be conspicuously displayed.

Air freight forwarding is a highly competitive business and, as such, requires constant vigilance to hold down illegal practices. During fiscal 1975, investigations of the operations of a number of forwarders were conducted, resulting in the filing of several formal complaints against alleged violators.

Unauthorized operators in air transportation are a perennial problem and fiscal year 1975 was no exception. A number of investigations of such operations by aircraft leasing companies, contract carriers, private operators, and air taxi operators utilizing larger-than-permitted aircraft were made.

The Bureau's six investigator-staffed field offices at New York, Miami, Chicago, Fort Worth, Los Angeles, and Anchorage have been of significant value in spotting violations at an early stage. As fiscal 1975 ended, the Bureau was in the process of activating a seventh office at Seattle. One small example of their worth is in the monitoring of adver-

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tising for inclusive tour charters and travel group charters. Such advertising must meet Board requirements designed to protect the public and, where field offices are located, advertising not meeting these standards is often detected the same day that it appears.

The category and number of enforcement actions during fiscal 1975 are as follows:

Enforcement category	Pending June 30, 1974	Instituted during fiscal 1975	Concluded during fiscal 1975	Pending June 30, 1975
Informal compliance actions	442	1,187	943	686
Formal proceedings	171	103	60	214
Investigations	56	654	541	169
Total	669	1,944	1,544	1,069

The informal enforcement actions involved five major categories of violations: charter violations, tariff violations, unfair and deceptive practices, unauthorized air transportation, and control and interlocking relationships violations. The relative volume of this enforcement action by type of violation and entities subject of complaint is shown below:

	Percent
Categories of violations:	
Charter violations	38
Tariff violations	24
Unfair and deceptive practices	13
Unauthorized air transportation	12
Control-interlocking relationships	3
All others	10
Entities subject of complaint:	
U.S. trunkline and local service carriers	26
Charter organizations	18
Ticket agents	15
Foreign air carriers	13
U.S. supplemental air carriers	10
All others	18

AUDITING

The audit function was heavily involved in comprehensive investigatory audits of a number of air carriers to determine whether "off-the-books" cash funds or other improper practices had been involved in generating funds for illegal political contributions or other improper payments. Formal complaints were filed against American and Braniff.

The practice of performing audit work in response to specific requests was continued in fiscal 1975. The requests of the bureaus and offices were substantially in excess of the capability of the audit function, especially after providing the manpower application to the special audits described above. The more important audit requests were satisfied to the extent possible.

Accounts and records of most certificated route and supplemental air carriers received some audit coverage. The audit objectives were to verify carrier compliance with the Board's Economic Regulations, par-

ticularly those embodied in the Uniform System of Accounts and Reports, to report any apparent uneconomical and extravagant expenditures, and to evaluate statistical reporting.

Significant accounting and reporting irregularities were uncovered in regard to fuel cost reporting, payments and allowances to carriers by aircraft manufacturers, retention of necessary records, and allocation of overhead expenses to subsidiary companies.

CHARTER VIOLATIONS

In fiscal 1974 the CAB announced and implemented a program of systematic monitoring of direct carriers to insure compliance with the Board's charter regulations. This procedure included advising the carriers when irregularities were discovered so they could conduct their own inquiries as to the bona fides of the flight or flights in question. Postflight audits were conducted by the staff to determine whether any violations had occurred. Such audits also scrutinized charter promotions.

Where illegal activity was uncovered, enforcement action was undertaken. In fiscal 1975, the CAB accepted an offer of $113,000 from Saturn Airways in compromise of civil penalties for violation of a previous Board order, the Board's charter regulations, and other regulations.[3] For other charter violations the Board accepted compromise offers from three other supplemental air carriers[4] and three indirect air carriers.[5] Orders to cease and desist were issued in all cases.

Perceiving that illegal charter traffic was being funneled through certain larger charter wholesalers, the Bureau brought an injunction proceeding on behalf of the Board in Federal court against 12 such larger wholesalers.[6] This proceeding was just underway at the beginning of the fiscal year. During fiscal 1975, permanent decrees were obtained against 3 defendant entities by consent; a preliminary injunction was entered against 5 more; and a temporary restraining order was obtained against still another, bringing to 9 (out of the original 12) the number of such defendant entities under court order. A 10th defendant had stipulated to a complete cessation of chartering activity during the pendency of the litigation. The preliminary injunction was subsequently affirmed by the Second Circuit Court of Appeals in a precedent-setting case.[7]

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[3] Saturn Airways, Inc., docket 26878.

[4] Modern Air Transport, docket 26609, $10,400; Capitol International Airways, docket 26545, $5,000; Trans International Airlines, docket 26755, $8,000.

[5] Brendan Tours, Inc., docket 26876, $21,000; Ryan Regent Travel, docket 27997, $500; and Arthurs Travel, Inc., docket 26877, $26,750.

[6] Filed *sub nom. CAB* v. *Scottish-American Association, et al.*, E.D.N.Y. Civil No. 74C915, but later severed into two proceedings, the other of which is captioned *CAB* v. *Carefree Travel et al.*

[7] *CAB* v. *Carefree Travel et al.*, 513 F.2d 375 (2d Cir. 1975).

DISCOUNTING

Three proceedings[8] pending at the close of fiscal 1974 were terminated in fiscal 1975 by an order to cease and desist and the collection of $60,000 in civil penalties. The Board also accepted an offer of $1,600 from a foreign air carrier[9] in compromise of a civil penalty for exchanging four passenger tickets for promotional purposes.

UNAUTHORIZED AIR TRANSPORTATION

In fiscal 1975, Bureau lawyers brought two injunction proceedings and a civil penalty action in district court on behalf of the Board against persons engaged in unauthorized air transportation.[10] In the *Caribbean Ventures* case a series of unauthorized flights were halted on the eve of departure by a preliminary injunction brought by the CAB and the FAA as co-plaintiffs. In the *Club International* case a large unauthorized airline operating in the form of a flying club or air travel club was finally halted by a temporary restraining order followed by a consent decree. That defendant had earlier in the fiscal year been the subject of a CAB order to cease and desist, as had another such unauthorized carrier.[11]

In addition, the Board seized a Philippine Air Lines DC–10 aircraft in San Francisco for operating beyond the authority granted in its foreign air carrier permit. A civil penalty of $267,000, plus storage costs, is now being sought against that carrier.[12]

REPORTING VIOLATIONS

The CAB's regulatory processes are dependent upon the information submitted by the regulated parties. Accordingly, in fiscal 1974 the CAB established a continuous monitoring program to insure that U.S. air carriers and foreign air carriers submit timely and accurate reports as required. In fiscal 1975, the CAB issued orders to cease and desist to 19 air carriers[13] and accepted $172,050 in civil penalties for violations of

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[8] United Air Lines, docket 25432, $10,000; Trans World Airlines, docket 25433, $35,000; American Airlines, docket 25524, $15,000.

[9] Swissair, docket 27583, $1,600.

[10] *U.S. and C.A.B.* v. *Caribbean Ventures, Ltd. et al.*, 387 F. Supp. 1256 (D.C.N.J. 1974); and *C.A.B.* v. *Club International et al.*, (D.C.W.D. Wash. Civil No. C75–4005).

[11] Club International, docket 24387; Aeronauts International, docket 25517.

[12] *U.S.* v. *Philippine Air Lines* (N.D. Cal., Civil Action No. C–74–1848–OJC).

[13] Osterkamp Trucking, docket 27054, $500; 44 Air Express Systems, docket 27053, $500; Sincro International, docket 27055; Skyhawk Forwarders, docket 27056, $500; AAT Airlines, docket 27057, $500; Aerovias Quisqueyana, docket 27058, $1,000; Mexicana, docket 27059, $500; Par Avion, Inc., docket 27400; Chicago Air Freight, docket 27401; Bar Harbor Airlines, docket 27394, $500; Aerocosta International, docket 27395, $500; Aerolineas Nacionales de Ecuador, docket 27395, $1,000; Compania Dominicana de Aviacion, C. por A., docket 27397, $1,000; Christman Air Freight, docket 27398, $550; Mollerup Freight Forwarding Co., docket 27399; General Air Freight, Notation 5032, $1,500; British West Indian Airways, Ltd., docket 27083, $7,500; American Airlines, docket 26463, $150,000; Ambassador Air Cargo, docket 26889, $6,000.

the CAB's reporting regulations. For failing to report political campaign contributions, American Airlines paid a penalty of $150,000, the largest in CAB history. An enforcement proceeding was instituted against Braniff Airways for maintaining "off-the-books" cash funds.[14] Two aircraft forwarders, Wings and Wheels and Equine Express, were assessed civil penalties of $2,500 and $2,000, respectively, for failing to file required reports.

AIR FREIGHT FORWARDING

In fiscal 1975, the CAB concluded a formal proceeding against four air freight forwarders[15] and three individuals[16] for failure to file joint loading agreements with the CAB and for over 1,000 other violations of the Federal Aviation Act and the CAB's Regulations.

Settlement was achieved with entry of a consent order providing for revocation of operating authorization, but revocation was stayed on various conditions including submittal of an affirmative action plan, payment of $22,000 in civil penalties, and absence of willful violations for 3 years. The stay was then to be made permanent. This was the first such "probation" settlement ever entered by the CAB.

An order to cease and desist was issued against one air freight forwarder, and a civil penalty was collected, for failing to have tariffs for services and charges on file with the CAB.[17]

Following a major investigation in the Miami area, the CAB in 1975 instituted a formal proceeding against a large air freight forwarder[18] for multiple violations of the Federal Aviation Act and the CAB's Economic Regulations. Over 3,800 violations were listed in the complaint.

CONSUMER-ORIENTED VIOLATIONS

The CAB continued to take action on violations directly affecting the consuming public.

In fiscal 1975, the CAB in a consent cease-and-desist order settled an enforcement case[19] against United Air Lines for maintaining its so-called VIP special waiting room facilities at certain airports. The case is the last of nine so-called lounge enforcement cases instituted by the CAB in 1966.

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[14] Braniff Airways, Enforcement Proceeding, docket 26364.

[15] Century Airfreight, Air Freight Haulage of Puerto Rico, Trans Island Trucking Service, and Great Eastern Transport Systems, docket 26402.

[16] James Cerami, individually, Salvatore Cerami, individually, and Salvatore Terranova, individually, and d/b/a T.T. Sales, docket 26402.

[17] H.E. Sutton Forwarding Company, docket 27006, $1,400.

[18] WITS, Inc., d/b/a WITS Air Cargo, docket 27660.

[19] United Air Lines, Enforcement Proceeding, docket 17483.

Pursuant to a Board order to file tariffs covering the operation of airport lounge facilities, United has made membership in its "Red Carpet Club" and, hence, to its Red Carpet Rooms at airports, available to the public. Anyone now can join the club upon application and payment of a $25 membership fee.

In fiscal 1975, nine third-party complaints[20] were filed against various air carriers alleging violations of part 252 of the Board's Regulations which require certificated air carriers to designate "No Smoking" areas aboard aircraft. In fiscal 1975, the Bureau of Enforcement also filed three Petitions for Enforcement[21] for alleged violations of the same regulations.

By monitoring advertising, the formation of illegal charter flights can be stopped before the consumer becomes involved to his possible detriment. In fiscal 1975, orders to cease and desist were issued to three tour operators[22] for illegal charter advertising, and $19,900 in civil penalties was collected.

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[20] *Martin H. Rogol* v. *Northwest Airlines*, docket 28003, *Harry Green* v. *Eastern Air Lines*, docket 27415; *Winifred Aitchison Robinson* v. *Allegheny Airlines*, docket 27183; *Norton F. Tennille, Jr.* v. *Allegheny Airlines*, docket 27230; *Alan R. Goldstein* v. *Allegheny Airlines*, docket 27252; *Betty Criner Moore* v. *Braniff Airways*, docket 27133; *Marshall E. Deutsch* v. *Allegheny Airlines*, docket 27131; *Caroline M. Hahn* v. *Allegheny Airlines*, docket 27132; *Jerome S. Rubin* v. *United Air Lines*, docket 26904.

[21] *BOE* v. *National Airlines*, docket 27358; *BOE* v. *Northwest Airlines*, docket 27359; *BOE* v. *Continental Air Lines*, docket 27360.

[22] Foreign Study League, docket 27138, $12,300; U.S. Travel Agency, docket 27384, $6,600; Matterhorn Travel Services, Inc., docket 27797, $1,000.

ACCOUNTING AND REPORTING

During fiscal year 1975, the accounting and reporting function continued to be confronted with demands for development and change in the Board's information systems to keep pace with the changing needs of the Board, the industry, other Government agencies, and growing consumer interest in regulatory matters. Several problems and challenges commanded our attention. The more significant responsive regulatory actions that were implemented or proposed are highlighted below.

Reduction of Reporting Burdens

In an effort to lighten the regulatory burden on the industry and consuming public, the Board through rulemaking actions eliminated detailed reporting requirements pertaining to spare-parts inventories, summaries of income taxes, and the details of six miscellaneous balance sheet accounts dealing with prepayments, special funds, and intangible assets. These efforts resulted from the Board's continuous program of self-appraisal which regularly reviews the reporting requirements imposed on the air transport industry for the purpose of relieving the industry of preparing reports which have become outdated and unnecessary.

Civilian Charter Reporting

The whole concept of civilian charters and their place in the spectrum of domestic and foreign air carrier transportation services has radically changed since the Board's present charter regulations were formulated. The overall volume today, provided by both scheduled and charter-only U.S. carriers, is three times what it was only a decade ago. In the transatlantic passenger market, total traffic has multiplied four times from 1963 to 1974, and scheduled traffic nearly three and one-half times, while charter traffic has multiplied more than sevenfold. The Board's recent adoption of a regulation permitting one-stop inclusive tour charters and special events charters will require close monitoring of the reports filed with respect to these charters to evaluate the effect of these expanded authorities.

In order to be responsive to these developments, and to provide itself and the many interested users with better decisional data about charter markets, the Board announced a proposal to expand and improve reporting of civilian domestic and international charter flights by U.S. certificated route and supplemental air carriers and foreign direct air carriers. The proposal envisions a basic change from aggregate flight reporting to the reporting of charter group movements by flight sector and would make available useful information on actual or potential markets, growth rat. , volume of services, charter rates being obtained, and so forth.

Reporting of Regulatory Seating Standards

During the past several years, considerable variations have arisen in the seating configurations employed by different air carriers for a given aircraft type. This is due, in large part, to the use of more spacious seating configurations as a form of nonprice competition on the part of several carriers. Actions taken in this regard include increasing seat pitch to give more leg room, installing fewer seats abreast than the aircraft can accommodate, and offering lounge areas. Obviously, to the extent that these actions reduce the number of seats in an aircraft, they tend to lower the productivity of the aircraft and increase unit costs.

The Board thus investigated the domestic carriers' seating configurations in Phase 6A of the Domestic Passenger-Fare Investigation and established seating-configuration standards for ratemaking purposes in the 48 contiguous States. At the present time, the Board's seating-configuration standards are not reflected in the carriers' official report filings. Accordingly, in order to aid the Board in carrying out its regulatory responsibilities, i.e., that passenger fares will not reflect the higher costs associated with accommodations which are more spacious than are necessary for adequate and efficient service, and to provide more useful information to the general public, the Board issued a proposed rule which, if adopted, would require the carriers to report capacity and traffic statistics on the basis of the Board's ratemaking standards.

Evolving Accounting Principles and Disclosure Standards

Several pronouncements were issued in fiscal 1975 by professional organizations and governmental bodies such as the Financial Accounting Standards Board, American Institute of Certified Public Accountants, and Securities and Exchange Commission, which are responsible for molding accounting principles and disclosure standards for American business. To assure that the CAB's concerns and viewpoints were considered, several position papers with the attendant research effort were prepared and undertaken. Among the more significant issues addressed were proposals for public disclosure of forecasts of sales, earnings, and earnings per share data; accounting for leases; general

purchasing power (inflation) accounting; foreign currency translations; accounting for loss contingencies; accounting for research and development costs; reporting for segments of a business; and the conceptual framework for accounting and reporting principles underlying financial statements of business enterprises.

STATISTICAL ANALYSIS AND REPORTING

Evaluations of Carrier Operations

Based on carrier reports on fuel consumption, projections for the system trunk and local service carriers were prepared, comparing actual results with projections on a continuing basis. The Board also issued monthly summaries of carrier fuel consumption data to the staff and general public.

In addition, the following studies were completed in fiscal year 1975. A feasibility study for an optimum load-factor analysis served as a catalyst for a reexamination of the Domestic Passenger-Fare Investigation 55-percent load-factor standard. A case study on the impact of inflation on financial statements was an attempt to add new dimensions in financial reporting and ratemaking considerations. Inquiries raised by certain Board Members and the Bureau of Economics resulted in a current appraisal of the embedded cost of debt capital employing the Phase 8 methodology of the Domestic Passenger-Fare Investigation. Seasonally adjusted traffic and capacity for the system trunks was generated to enable the Board and staff to evaluate traffic growth or decline without the effects of seasonality on a month-to-month basis. At the request of the Bureau of Economics the domestic fare structure costing program was updated using 1974 data.

Handbook of Airline Statistics

The "Handbook of Airline Statistics," a biennial publication comprised of 686 pages in its usual format, has been redesigned so that "Supplements" to the Handbook will be issued periodically in place of complete reprinting of the Handbook. This new approach will reduce the publication to 220 pages, resulting in substantial production and printing cost savings, and the Handbook data will be available to the user sooner and at a substantially reduced price. New series added to the new "Supplement" are Commuter Air Carrier Statistics, Air Freight Forwarder Statistics, and Air Freight Loss and Damage Claims.

Economic Report—Air Freight Forwarders

An "Economic Report—Air Freight Forwarders," covering the operations of 24 forwarders generating annual revenues in excess of 3 million dollars, was published for the first time during the 1975 fiscal year. The

report is based on a new system of accounts and reports instituted in calendar year 1975. This quarterly report summarizes by operation (System, Domestic, and International) profit and loss, balance sheet, traffic statistics, and certain financial and traffic ratios for the 24 carriers. On a system basis, they accounted for over 84 percent of the industry's air freight forwarding revenues in calendar year 1974.

Air Taxi Data

For the first time, selected traffic and operating statistics were summarized from brief annual reports filed by over 3,000 air taxi operators, including commuter air carriers. Heretofore, the dimensions of operations for that segment of the air transport industry were unknown. The initial report, covering July to December 1974, reflects the operations of these carriers in scheduled (commuter) service and in demand or charter service, but excludes their operations in all-cargo and in rotary-wing service. Data on air taxi operations are also required by the National Transportation Safety Board to aid that agency in making its future air taxi safety reports more meaningful.

A summary of data compiled from these reports for the period July 1 to December 31, 1974, is as follows:

	Number of passengers carried	Aircraft hours flown	Aircraft miles flown	Number of departures performed
Domestic	4,514,375	1,116,918	172,754,035	1,327,666
International	215,104	35,315	6,700,935	37,407
System	4,729,479	1,152,233	179,454,970	1,365,073

Service Segment Statistics

The Board, in cooperation with the air carriers, continued to strive for improved accuracy and reliability of the service segment data in order to enhance the utility of these statistics for analytical purposes. These data provide detailed information by flight stage on capacities operated; traffic enplaned, deplaned, and transported; departures; miles and hours flown; and load factors. Service segment data are used extensively by the Board, by parties in proceedings before the Board particularly in route and rate matters, by Federal and State agencies for a variety of purposes, and by communities especially for evaluating air service requirements at their respective airports.

These data are one of the basic inputs into the Board's computerized route analysis program and are relied upon to furnish the necessary traffic and capacity information in industry deregulation matters.

International Statistical Programs

A CAB staff member is the U.S. Representative on the International Civil Aviation Organization's Statistical Panel. Through his representation and by other means, the operation and development of ICAO worldwide collection of civil aviation statistics gains support. Traffic and financial reports covering U.S. air carrier operations are submitted recurrently to ICAO. The CAB representative was chosen to head the U.S. delegation to the statistical conference in Montreal held in November 1975.

Recurrent Statistical Publications

The following recurrent statistical, financial, and cost publications continued to be issued during 1975: Aircraft Operating Cost and Performance Report; Trends in Airline Unit Costs and Cost Elements; Trends in All-Cargo Service; Quarterly Financial Review; Summary of Financial Position; Aircraft Utilization and Capacity; Productivity Study; Air Carrier Investments' Holders of Air Carrier Debt; Seasonally Adjusted Traffic and Capacity; Air Carrier Traffic Statistics; Air Carrier Financial Statistics; Origin-Destination Survey of Airline Passenger Traffic; Airport Activity Statistics; Quarterly Airline Industry Economic Report; Interim Financial Report; Economic Report of Air Freight Forwarders; and Freight Loss and Damage Claims Report.

Two new recurrent reports were developed and published during fiscal year 1975: the Comparative Financial Review, and Wide-Bodied Aircraft Market Shares. The Comparative Financial Review was developed as a companion publication to the Quarterly Financial Review. The Quarterly Financial Review concentrates on the most recent financial results of each carrier within the larger perspective of that carrier's performance in other nearby time periods. The emphasis is on the individual carrier in and of itself, rather than on the individual carrier's relative position among the carriers in its group. The Comparative Financial Review series is oriented toward the ranking of a carrier relative to other carriers in its group on the basis of a wide variety of financial factors. The Wide-Bodied Aircraft Market Shares Report shows wide-bodied revenue passenger-miles as a percent of total revenue passenger-miles for system, domestic, and international trunk operations. The first report covered data for the first quarter of 1973 through the second quarter of 1975.

DATA PROCESSING

Automatic Data Processing (ADP) has become an integral part of virtually every analytical and administrative Board activity and has provided the means for accomplishments which would be otherwise

almost impossible to achieve. For example, during the energy crisis the computer assisted in estimating fuel-saving service reductions that could be effected without consequent transportation shortages, by blending voluminous passenger traffic and capacity data with aircraft fuel usage figures. ADP also assists the staff in performing routine tasks, e.g., mathematical analyses or carrier financial submissions, more quickly and accurately than possible manually. Board management has long recognized the contribution and future potential of ADP as a major tool for regulatory decisionmaking and for minimizing administrative lag. Below are examples from the record of achievement during fiscal 1975 that demonstrate this awareness and the breadth of ADP applications.

New Applications

A Flight Financial Analysis System was conceived to manipulate service segment data and other cost and revenue inputs to estimate profitability of carrier operations by route segment and/or market. Scheduled implementation of the system is early 1976.

A data bank of domestic local tariffs was implemented to assist in analysis of proposed passenger fare changes, expand the capability to study existing fares, and permit recurrent and special report generation from historical fare information.

A new system for computing and promulgating official CAB airport-to-airport mileages was put into effect. General availability of the CAB's distance calculation formula and latitude and longitude coordinate data now enable any member of the public to duplicate official CAB mileages.

Further progress was made toward generation of a mileaged data bank of domestic route authorities. Upon completion, this system will facilitate sophisticated analysis of air carrier service adequacy and route utilization.

Enhancements to Existing Systems

A modernized version of the large Passenger Origin and Destination Survey system was implemented. The new programs are easier to maintain and modify, and more efficient to recurrently process. The new programs, coupled with various management and production improvements, have resulted in a reduction of approximately 50 percent in elapsed time between receipt of the submission and availability of reports.

Numerous refinements were made to the system which monitors carrier service changes. This capability assists in the measurement of fuel usage vis-a-vis quality of service, and generally assists in the study of traffic patterns.

Negotiations were completed with a commercial firm to obtain a

monthly file containing scheduled flight itineraries. This new precise and comprehensive data source will further assist in fuel consumption studies, editing of carrier traffic submissions, and study of scheduling practices on a complete flight basis.

The system for processing Freight Loss and Damage statistics was virtually rewritten, making production more efficient and error free and the reports more meaningful.

Important changes were also made to the Board's Payroll and Financial Activities systems. As well, the Consumer Affairs system, which computer-generates letters for official Board responses to consumer complainants, now has a modernized statistical reporting facility.

New Tools and Techniques

A major computer hardware procurement and installation was accomplished. The newly acquired IBM 370/155–II computer has the speed, size, and capability to allow sophisticated processing of the Board's projected 5-year workload.

A technical transition was made from single-job processing to the concurrent execution of two or more jobs on the computer (multiprogramming). This immediately resulted in major improvements in computer productivity. It is also a prerequisite to on-line access to computerized files from remote terminals to be located throughout the Board.

A number of new standardized report-generation tools were developed in recognition of the similarity of many ad hoc data presentation requirements. They permit more efficient manpower utilization in servicing requests, and result in greatly improved response time.

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CONSUMER AFFAIRS

The CAB significantly enhanced its involvement in consumer matters in fiscal year 1975, breaking new regulatory ground in the process.

The Board on October 29, 1974, amended Part 384.7 of its Organization Regulations and Part 302.9 of its Rules of Practice to authorize its Office of Consumer Affairs to participate as a party in proceedings before the Board. To mark this expanded authority to serve consumer interests, the Board redesignated the Office of Consumer Affairs as the Office of the Consumer Advocate (OCA), the first office of its kind in the Federal Government. The new authority also enables OCA to initiate proceedings before the Board and to provide expertise in the form of informational notices to the Board on topics of consumer concern, in addition to its continuing function of handling complaints from consumers of air transportation services.

In addition to handling 12,864 consumer complaints and responding to 10,066 consumer letters (including 741 from Members of Congress) and receiving approximately 8,700 telephone calls, the Office filed pleadings in 14 docketed matters through June 30. The Office also participated in or prepared for its participation in three hearing cases as advocate of air transportation consumers.

In February 1975 the Office reorganized into three sections: the Consumer Advisory Section, whose primary responsibility is the handling by correspondence and telephone of consumer complaints; the Consumer Research Section, which researches and prepares OCA positions; and the Legal Section, which acts as bureau counsel and, with assistance as needed from other staff personnel, makes presentations in hearings, conferences, and other forums.

The Director of the Office, or his representative, delivered addresses or participated in consumer conferences and seminars or testified before congressional committees during fiscal year 1975 and fulfilled or planned to fulfill similar commitments during the first third of the new fiscal year. These continuing efforts at public contact have been supported and encouraged by the Board Members, by the White House Office of Consumer Affairs, and in the findings in a report published in June 1975 on a feasibility study to improve handling of consumer complaints.

That study, conducted by an independent contractor (Technical Assistance Research Programs, Inc., and the Center for Quantitative Sciences Division of Market Facts, Inc.—Contract No. HEW-OS-74-292) showed that OCA received the highest evaluation among 15 Federal agencies examined. Of 15 performance evaluations in which it was possible to receive an "excellent" rating, OCA received that rating in 13 and "satisfactory" in the other two. Among eight criteria which did not include the "excellent" rating for measurement of performance effectiveness (the only ratings possible being "satisfactory" or "unsatisfactory"), the Board's OCA was rated satisfactory in seven and unsatisfactory in only one, a subfunction dealing with the signing of certain correspondence.

The study also urged increased creation of public awareness. During fiscal year 1975, the Office instituted a "Help Us Help You" program wherein OCA contacted various airport operators and local civic parties to obtain their views on local air transportation needs. The Office also began inquiry into other areas and means of creating public awareness of its consumer functions. These include placement of posters at airports, establishment of a toll-free telephone service, and increased dissemination of news of the work of the Office. The staff also issued a Spanish language edition of "Air Travelers' Fly-Rights" (approximately a half million copies of the English language version of this consumer guide have been distributed), began work on an updated edition of the book, and drafted the text for a new publication, "Consumer Guide to International Air Travel," which is expected to be issued in April 1976.

The Office also issued its first annual statistical Summary of Consumer Complaints received in the Office during calendar year 1974. The summary (1) details the responsiveness of the carriers to consumer complaints and summarizes the time frame within which the complaints are handled by the Office, and (2) provides a yearly distribution and geographical breakdown of the types of complaints which the Office receives. Among other things, the report shows that 89.4 percent of the 15,720 complaints received in calendar year 1974 were closed by January 1, 1975.

Although the number of complaints received in fiscal year 1975 was down somewhat from the 16,047 received in fiscal year 1974, the amount of money recovered for complainants continued to run about $29,000 a month. The decrease in complaints was thought by OCA staff to be attributable to the general slowdown in the economy and curtailment of air travel. The number of complaints received in fiscal year 1975 was still 190 percent greater than the number received in fiscal year 1970, the year the Office of Consumer Affairs was established. The volume of complaint mail early in fiscal year 1976 showed signs of an increase in the number of new complaints.

Members of the staff planned and concluded one airline passenger consumer survey at Washington National Airport, then prepared a revised survey which it conducted just after the close of the fiscal year

(July 4 holiday) at Chicago's O'Hare International Airport.

These are the proceedings in which OCA participated as Consumer Advocate during fiscal year 1975:

Docket	*Proceeding*
24908	Notice of Proposed Rulemaking (Termination of "Prior Affinity" Charter Authority)
26310	Rules and Practices Relating to the Acceptance and Carriage of Live Animals in Domestic Air Freight Transportation
27135	Notice of Proposed Rulemaking (One-Stop Inclusive Tour Charter)
27589	Domestic Baggage Liability Rules Investigation
27590	Notice of Proposed Rulemaking, Amendment of Part 221 of the Board's Economic Regulations to Remove Authority to File Tariffs Containing a Time Limit for Filing Baggage Claims
27591	Advance Notice of Proposed Rulemaking, Baggage Delay and Loss Compensation (OCA has also filed a consolidated answer in dockets 27589, 27590, and 27591)
27607	Complaints of American Airlines (docket 27607) and Eastern
27610	Air Lines (docket 27610) Against Tariff Revisions Filed
27671	by National Air Lines (National's experimental "No Frills" fare) (docket 27671)
27693	Motion of World Airways for an Expedited Hearing on its Application for a Certificate of Public Convenience and Necessity
27756	Application of the International Air Transport Association for Prior Board Approval of an Agreement Amending the Articles of Association of the International Air Transport Association
27805	Determination of Rates of Compensation for the Transportation of Mail by Aircraft, the Facilities Used and Useful Therefor and the Services Connected Therewith, of Trans World Airlines, Inc., on its Domestic Operations
27864	Domestic Passenger Tariffs Proposed by Trans World Airlines, Inc.
27886	American Airlines, Inc., Eastern Air Lines, Inc., Continuation of Interim 4 Percent and Additional 6 Percent Domestic Passenger Fare Increase
27911	Petition of the Commuter Airline Association for Rulemaking to Amend Part 298 of the Economic Regulations of the Civil Aeronautics Board

In addition to the above-docketed matters, OCA also filed extensive comments on "The Domestic Route System," a study prepared by the Board's Bureau of Operating Rights, on which the Board invited public comments.

The complaint distribution for fiscal years 1975 and 1974 follows:

Carrier	Complaints	Percent of total
American Airlines:		
1975	1,047	8.14
1974	1,372	8.55
Braniff Airways:		
1975	378	2.94
1974	775	4.83
Continental Air Lines:		
1975	265	2.06
1974	224	1.40
Delta Air Lines:		
1975	644	5.01
1974	654	4.08
Eastern Air Lines:		
1975	1,216	9.45
1974	1,869	11.65
National Airlines:		
1975	506	3.93
1974	578	3.60
Northwest Airlines:		
1975	442	3.44
1974	424	2.64
Trans World Airlines:		
1975	962	7.48
1974	1,132	7.05
United Air Lines:		
1975	908	7.06
1974	1,066	6.64
Western Air Lines:		
1975	239	1.86
1974	281	1.75
Pan American World Airways:		
1975	562	4.37
1974	994	6.19
Hughes Airwest:		
1975	146	1.13
1974	268	1.67
Allegheny Airlines:		
1975	637	4.95
1974	1,000	6.23
Frontier Airlines:		
1975	144	1.12
1974	171	1.07
North Central Airlines:		
1975	139	1.08
1974	181	1.13
Ozark Air Lines:		
1975	127	.99
1974	171	1.07
Piedmont Airlines:		
1975	86	.67
1974	142	.88
Southern Airways:		
1975	110	.85
1974	123	.77
Texas International Airlines:		
1975	114	.89
1974	170	1.06
Aloha Airlines:		
1975	43	.33
1974	20	.12

Carrier	Complaints	Percent of total
Hawaiian Airlines:		
1975	60	.47
1974	65	.40
Alaska Airlines:		
1975	33	.26
1974	50	.31
Wien Air Alaska:		
1975	47	.36
1974	28	.17
*Air New England:		
1975	23	.18
1974	–	–
Foreign air carriers:		
1975	1,362	10.59
1974	1,466	9.14
**Supplemental air carriers:		
1975	382	2.97
1974	957	5.96
Commuters:		
1975	406	3.16
1974	346	2.16
Freight forwarders:		
1975	362	2.81
1974	372	2.32
Agents and groups:		
1975	1,098	8.53
1974	800	4.99
"Other" (including CAB, FAA, Flying Club, etc.):		
1975	376	2.92
1974	348	2.17
Total:		
1975	12,864	100.00
1974	16,047	100.00

Carrier	Complaints	Percent
Capitol International Airways	97	25.39
Johnson International	1	.26
McCulloch International Airlines	0	.00
Modern Air Transport	22	5.76
Overseas National Airways	102	26.70
Saturn Airways	15	3.93
Trans International Airlines	70	18.32
World Airways	59	15.45
Foreign supplementals	16	4.19

* Inaugurated service as a certificated carrier Jan. 24, 1975.
** Breakout is 1975 only.

Percent of total

.47
.40

.26
.31

.36
.17

.18
–

10.59
9.14

2.97
5.96

3.16
2.16

2.81
2.32

8.53
4.99

2.92
2.17

100.00
100.00

COMMUNITY AND CONGRESSIONAL RELATIONS

The Office of Community and Congressional Relations conducted the most active liaison with Members of Congress and with the local governments operating air carrier airports in the history of the office.

Through the process of informal negotiations, the office saved the CAB and communities with air service problems considerable sums of money, man-hours, and time that would have been involved in resolution through the formal regulatory process.

The office met with airport, civic, and industry officials, and Members of Congress on air service problems involving 15 cities. They include: Nashville and Shelbyville, Tenn.; Greenville, S.C.; Oakland, Calif.; Midway Airport in Chicago; Grand Island, Nebr.; Sioux City, Iowa; Abilene and Harlingen, Tex.; Youngstown, Dayton, and Cincinnati, Ohio; Fayetteville, N.C.; Erie, Pa.; and Roanoke, Va.

OCCR was also involved in monitoring the air service of Rockford and Peoria, Ill., as a result of earlier meetings.

In addition to specific air service problems, OCCR maintained an open line of communication with the organizations which represent local communities in order to insure that their views were considered in Board policy decisions. The office participated in meetings of the Airport Operators Council International, American Association of Airport Executives, the North Dakota Aeronautics Board, the Association of Bay Area Governments in San Francisco, and the National Association of State Aviation Officials. The Board, through OCCR, cosponsored a symposium for airport managers with the American Association of Airport Executives. This meeting, held annually at the CAB headquarters in Washington, was conducted for the purpose of educating airport managers on the organization and operation of the CAB.

To respond to the increasing number of requests from communities seeking assistance in resolving air service problems, a new position, Community Relations Officer, was established.

The office handled more than 4,000 constituent and other requests from Members of Congress and participated in the drafting of testimony for 13 congressional hearings.

Following the transfer of aviation matters from the House Interstate and Foreign Commerce Committee to the House Public Works and Transportation Committee, the office assisted in briefing the Aviation Subcommittee on the Board and its policies and worked closely with both that subcommittee and the Senate Commerce Aviation Subcommittee.

The Senate Judiciary Subcommittee on Administrative Practice and Procedure held a series of oversight hearings on the Board's activities during February and March 1975. These hearings marked the beginning of major efforts on behalf of Congress and the Administration toward regulatory reform.

The OCCR played a particulary active role throughout the entire investigation which was to be the most in-depth oversight of the Board's policies and procedures in recent history.

The Subcommittee solicited extensive data on all phases of the Board's activities prior to the hearing. It was OCCR's responsibility to coordinate, organize, and transmit the material submitted by the Board. Preparation for these hearings involved more than 1,500 man-hours by the Board and consumed the entire resources of this office on a full-time basis for more than 3 months.

Following the hearings, the office remained in constant contact with the Subcommittee staff and continued to provide them with data and research assistance.

COURT CASES

Litigation during fiscal year 1975, for the most part, consisted of direct statutory review of certain Board orders in the U.S. courts of appeals. Ten complaints also were filed in the U.S. district courts against the Board, and on six other occasions, litigants who had been unsuccessful in appeals challenging Board orders in the courts of appeals filed petitions for certiorari in the U.S. Supreme Court. In all six of the latter instances the Supreme Court refused to review the lower court decisions in favor of the Board.

Sixty-seven proceedings were instituted against the Board, compared with fifty in the preceding year. At the close of the fiscal year, 67 petitions for review had been disposed of, 55 were pending. In the preceding year, 49 petitions for review had been disposed of and 55 were pending at year end.

Several important cases involving the Board's approval of various intercarrier agreements were decided in fiscal year 1975. In *Air Line Pilots Ass'n* v. *C.A.B.*, 502 F.2d 453 (C.A.D.C., 1974), the Court of Appeals for the District of Columbia Circuit affirmed the Board's orders approving a Mutual Aid Agreement among various air carriers for financial assistance to carriers struck in the course of labor disputes. The court concluded that the Board's approval of the agreement was fully consistent with the national labor policy and the Railway Labor Act. The Supreme Court declined review of this decision, 420 U.S. 920.

Air Line Dispatchers Ass'n, et al. v. *C.A.B.*, 506 F.2d 1321 (1974), involved a challenge to the Board's approval of an agreement among carriers establishing the Airline Industrial Relations Conference, an organization of certificated scheduled U.S. air carriers created to coordinate the collective bargaining of member carriers. In affirming the Board's approval by *per curiam* order, the District of Columbia Circuit concluded that the Board's determination that the agreement was not adverse to the public interest was "supported by substantial evidence." The Supreme Court declined review of this decision, 95 S. Ct. 1941 (1975).

Significant cases were also decided by the District of Columbia Circuit involving the Board's approval of intercarrier capacity-reduction agreements. In *Air Line Pilots Ass'n* v. *C.A.B.*, 509 F.2d 964 (C.A.D.C.,

1975), the court affirmed the Board's interim 6-month approval of an agreement among American Airlines, Trans World Airlines, and United Air Lines which decreased the number of flights operated by those airlines between New York-Los Angeles, New York-San Francisco, Washington-Los Angeles, and Chicago-San Francisco. In its petition for review, the Air Line Pilots Association argued without success that the Board cannot grant interim approval to a capacity-reduction agreement without holding an evidentiary hearing to determine whether the anticompetitive effects of the agreement outweighed other public interest considerations, and that the Board should have required labor protective arrangements as a condition for interim approval. Both arguments were rejected by the court.

A second capacity agreement case, *United States* v. *C.A.B.*, 511 F.2d 1315 (1975), involved a challenge to two Board orders approving two short term intercarrier agreements to reduce capacity in 24 markets on the basis of the need to conserve scarce supplies of aviation fuel. The court upheld the first agreement as justified by the emergency presented by the Arab oil embargo and the resultant fuel allocation program. It set aside the second because, in the court's view, the emergency had passed and there was no factual support for the Board's determinations respecting "(1) the probable behavior of air carriers if * * * required to make unilateral capacity reductions and (2) the effect of such behavior on * * * the public interest." At the same time, however, the court rejected the contention of the Department of Justice that an anticompetitive agreement cannot be approved unless it is impossible to achieve the end sought by any other means.

Several other significant decisions were rendered during fiscal year 1975. On November 7, 1974, a panel of the District of Columbia Circuit set aside the Board's decision in Phase 6A of the *Domestic Passenger-Fare Investigation* (orders 72–5–101 and 72–6–102) and its orders suspending Continental's tariffs for Chicago-Los Angeles lounge services (orders 73–6–4 and 73–7–6). The Board's Phase 6A decision established (1) seating configuration standards to be applied in determining the maximum cost per seat-mile which would be recognized for purposes of establishing fare levels, and (2) fare differential policies which permitted carriers operating under the standard configurations to reduce their fares below the level of operators of more luxurious seating under certain circumstances. The panel did not disturb the Board's establishment of seating configuration standards for fare level purposes, but found unlawful only the portion of the Phase 6A decision which prescribed fare differential policies. The panel also found unlawful the Board's orders which investigated but refused to suspend a $10 fare reduction by United for loungeless service between Chicago and Los Angeles, while suspending the matching Continental fare with lounge service.

Shortly thereafter, the court granted rehearing *en banc*. In its deci-

sion on rehearing, entered after the close of the fiscal year, the court determined to inquire only "into the timeliness and propriety of the panel's opinion granting review of the orders in question." It concluded that the Board's Phase 6A decision was ripe for review, and that the panel's decision on Phase 6A should therefore stand. The court also determined, however, that the appeal from the Board's suspension orders was "moot" as no suspension was presently in effect, and accordingly vacated the panel's determination to set aside those orders. *Continental Air Lines* v. *C.A.B.*, C.A.D.C. Nos. 1714, 1718 (1975).

In *United Air Lines* v. *C.A.B.*, 518 F.2d 256 (1975), the Seventh Circuit affirmed a Board order rejecting tariffs filed by United Air Lines proposing new passenger fares for the U.S. Mainland-Hawaii market because they were inconsistent with the rates fixed by the Board in an outstanding rate order. On appeal, United argued that the Board lacked power to prescribe rates for the future; that tariffs filed by a carrier may be rejected only for failure to comply with procedural filing requirements; and that United was entitled to institution of a new ratemaking proceeding through the filing of tariffs proposing rates different from those which the Board had just fixed. In affirming the challenged order, the court held that the Board, like other regulatory agencies operating under statutes comparable to the Federal Aviation Act, has the power to issue an order fixing rates for the future and to reject tariffs which are inconsistent with such Board-prescribed fares.

Two important decisions were also filed by the U.S. Court of Appeals for the Second Circuit during the fiscal year. In the first case, *Pan American World Airways, et al.* v. *C.A.B.*, 517 F.2d 734 (1975), the court denied a petition to set aside Regulation SPR–74 amending Part 372a of the Board's Regulations (14 C.F.R. 372a) to permit U.S. and foreign carriers to perform foreign-originating travel group charters (TGC/ABC's) in accordance with the applicable charter rules of the originating country, so long as (1) those foreign rules conform to the detailed standards contained in the regulation, and (2) there is in effect, between the country of origin and the United States, a formal agreement with respect to the charterworthiness of such operations. In affirming SPR–74, the court concluded that "the various restrictions and limitations imposed in the Board's regulation maintain substantial and vital differences between TGC/ABC service and conventional [scheduled] service available to the individual traveler."

In the second case, *Air Line Pilots Ass'n, et al.* v. *C.A.B.*, 516 F.2d 1269 (1975), the court denied petitions to review a Board order rejecting "embargo notices" filed by several carriers directed against the transportation of "hazardous materials." The court agreed with the Board that its embargo regulations only apply in situations in which a carrier is "temporarily unable" to transport freight and were inapplicable to the carriers' blanket refusal to carry hazardous materials.

Two decisions were also forthcoming involving the Board's disposition of applications to amend carrier certificates of convenience and necessity. In *Air Line Pilots Ass'n, et al.* v. *C.A.B.*, 514 F.2d 834 (1975), the District of Columbia Circuit upheld a Board order authorizing Hawaiian Airlines to suspend service to Hana, Hawaii, conditioned on maintenance of replacement air taxi service. In *Utah Agencies* v. *C.A.B.*, 504 F.2d 1232 (1974), the Tenth Circuit affirmed Board orders (1) denying a motion by Utah Agencies for expedited consideration of its application for new competitive Salt Lake City-Los Angeles nonstop authority, as well as applications by American Airlines and United Air Lines for interim exemption authority; and (2) denying an application by American for such exemption authority pending disposition of the *American-Hughes Airwest Route Exchange Agreement Proceeding* (CAB docket 25881).

Finally, in *Hawaiian Airlines, Inc.* v. *C.A.B.*, 510 F.2d 1260 (1975), the District of Columbia Circuit affirmed the Board's final decision in the *Aloha and Hawaiian Airlines Subsidy Mail Rates and Proposed Fare Increases Case* (CAB docket 20244). On the basis that both carriers had engaged in excessive competitive scheduling, which was found contrary to the "honest, economical, and efficient management" standard of section 406(b) of the Federal Aviation Act (49 U.S.C. 1376(b)), the Board granted Aloha subsidy only in part and denied Hawaiian all subsidy. On review, the court found that the Board's decision was proper and supported by substantial evidence.

There was also some activity in the U.S. district courts during fiscal year 1975. *Air Europe Int'l, S.A.* v. *Timm, et al.*, D.C.D.C. No. 74-1400, involved the proposed operation of scheduled air transportation between Tijuana, Mexico, and Luxembourg by Air Europe without Board authorization. Air Europe, a Luxembourg corporation, sought a declaration by the district court that the Board had no authority over the proposed operations, and an order enjoining the Board and its employees from issuing statements or otherwise interfering with the sale and operation of Air Europe's service. The district court, on December 18, 1974, granted the Board's motion for dismissal filed on the grounds (1) that the complaint failed to state a claim against defendants upon which relief would be granted; (2) that there was no case or controversy before the district court; and (3) that any determination as to the legality of Air Europe's proposed air transportation service should be made, in the first instance, by the Board.

Lastly, at fiscal year's close, important cases had been argued and were awaiting decision in the courts of appeals. These included *Moss, et al.* v. *C.A.B.*, C.A.D.C. No. 73-1772, *et al.*, a challenge by 26 Members of the House of Representatives to the Board's determination that the domestic passenger fares in effect between October 1, 1969 and October 14, 1970, were not unjust and unreasonable and that the carriers had

not been unjustly enriched by reason of the collection of such fares; *Diggs, et al.* v. *C.A.B.*, C.A.D.C. No. 73–2194, an attack by 15 Members of the House of Representatives on a Board order amending the foreign air carrier permit held by South African Airways to authorize the carrier to serve a new route between Johannesburg and New York via Sal Island and/or Los Palmas; and *REA Express* v. *C.A.B.*, C.A. 2, No. 74–1611, involving the Board's termination of REA's exemption authority to provide "air express" service. Also awaiting decision were *Air Line Pilots Ass'n* v. *C.A.B.*, C.A.D.C. No. 74–1572, *et al.*, a challenge to the Board's authorization of a 2-year experimental program whereby subsidy funds alloted to Frontier Airlines, a certificated local service air carrier, are passed along by it to Air Midwest, a commuter air carrier, in order to support replacement service by Air Midwest at three Kansas points where Frontier had been permitted to suspend its service; *Continental Air Lines* v. *C.A.B.*, C.A.D.C. No. 74–1651, an appeal from the Board's determination not to authorize more than one carrier to provide nonstop service between San Diego and Denver; and *State of Maine, et al.* v. *C.A.B.*, C.A. 1, No. 74–1413, an attack on the Board's deletion of Bar Harbor and Rockland, Maine, from Delta's certificate of public convenience and necessity. The Board's orders in the first three cases were affirmed shortly after the close of the fiscal year and were set aside in the latter three cases. Still awaiting decision are *Saturn Airways et al.* v. *C.A.B.*, C.A.D.C. No. 74–1697, involving a rate adjustment for transportation performed under procurement contracts between the Department of Defense and air carriers; and *Piedmont Aviation* v. *C.A.B.*, C.A.D.C. No. 74–2355, involving a challenge to a Board determination that Piedmont had received an excessive amount of subsidy payments for the years 1964–66 and that it must refund $5,381,470 to the Government in accordance with the profit-sharing provisions of the subsidy rate formula.

ADMINISTRATION

KEY PERSONNEL CHANGES

President Gerald R. Ford appointed Member Richard J. O'Melia as Vice Chairman effective January 1, 1975, on which day he also assumed the duties of Acting Chairman, a post he held until April 21, 1975.

President Gerald R. Ford on April 21, 1975, appointed John E. Robson Chairman to fill the unexpired term of Whitney Gillilland, who retired.

KEY PERSONNEL

Chairman	JOHN E. ROBSON
Vice Chairman	RICHARD J. O'MELIA
Member	G. JOSEPH MINETTI
Member	LEE R. WEST
Member	ROBERT D. TIMM
Managing Director	HARRY J. ZINK
Secretary/Deputy Managing Director	EDWIN Z. HOLLAND
Comptroller (Acting)	ANTHONY F. TORONTO
Director, Office of Community and Congressional Relations	JAMES L. KOLSTAD
Congressional Relations Officer	CHARLES T. DONNELLY
Director, Office of Information	JAMES O. HUGHES
Director, Office of Consumer Advocate	JACK YOHE
Director, Office of Personnel	PATRICK F. BOTTONE
Director, Office of Facilities and Operations	VINCENT J. CHAVERINI
Director, Office of Equal Employment Opportunity	JOANN M. BEAVER
General Counsel	THOMAS J. HEYE
Deputy General Counsel	Vacant
Director, Bureau of Economics (Acting)	ARTHUR H. SIMMS
Deputy Director, Bureau of Economics	ARTHUR H. SIMMS
Director, Bureau of Operating Rights	WILLIAM CALDWELL, JR.
Deputy Director, Bureau of Operating Rights	JAMES A. SALTSMAN
Assistant Director, Formal Proceedings	ROY PULSIFER

Director, Bureau of Enforcement (Acting)	JAMES L. WELDON, JR.
Deputy Director, Bureau of Enforcement	JAMES L. WELDON, JR.
Director, Bureau of International Affairs	EDWIN RECTOR
Deputy Director, Bureau of International Affairs	ROSARIO SCIBILIA
Director, Bureau of Accounts and Statistics (Acting)	RAYMOND KURLANDER
Deputy Director, Bureau of Accounts and Statistics	Vacant
Assistant Director for Statistical Planning	SAMUEL L. BROWN
Assistant Director for ADP Planning	ROBIN A. CALDWELL
Chief Administrative Law Judge	ROBERT L. PARK
Associate Chief Administrative Law Judge	ROSS I. NEWMANN

ORGANIZATION CHANGES

During fiscal year 1975:

The Office of Consumer Affairs was redesignated as the Office of Consumer Advocate. To better serve the needs of the traveling public three sections, Legal, Consumer Research, and Consumer Advisory, were established within the Office.

The Bureau of Enforcement transferred the Program and Evaluation Section of the Investigation and Audit Division to the Office of Director. Personnel of the Field Representative Section were redesignated as Field Investigators and placed under the enlarged Investigation Section of the Investigations and Audit Division.

SELECTED WORKLOAD

Actual 1974 and 1975 Workload and Estimated 1976 Workload for More Significant Categories

Item and fiscal year	Receipts during fiscal year	Completions during fiscal year	On hand end of fiscal year
Formal route cases:			
1974	31	26	58
1975	31	36	53
1976	32	37	48
Informal route matters:			
1974	300	325	79
1975	306	320	65
1976	312	320	57
Cargo and charter licensing:			
1974	4,707	4,693	386
1975	4,901	4,704	583
1976	5,336	5,609	310

SELECTED WORKLOAD—Continued

Actual 1974 and 1975 Workload and Estimated 1976 Workload for More Significant Categories—Continued

Item and fiscal year	Receipts during fiscal year	Completions during fiscal year	On hand end of fiscal year
Formal hearing proceedings:			
1974	73	79	42
1975	73	77	38
1976	80	79	39
International negotiations/consultations:			
1974	104	105	37
1975	100	116	21
1976	112	128	5
International studies/analyses:			
1974	422	408	30
1975	410	411	29
1976	410	421	18
International aviation problems:			
1974	407	386	50
1975	334	360	24
1976	361	372	13
Review of tariff filings:			
1974	116,146	112,064	7,594
1975	135,000	135,000	7,594
1976	150,000	150,000	7,594
Tariff referrals and complaints:			
1974	2,077	2,048	111
1975	4,250	4,250	111
1976	4,500	4,500	111
Formal passenger and property rate investigations:			
1974	54	56	48
1975	65	65	48
1976	70	70	48
Passenger and property rate exemptions:			
1974	22	26	1
1975	100	100	1
1976	110	110	1
Government rates:			
1974	392	299	193
1975	247	230	210
1976	132	254	88
Intercarrier rate agreements:			
1974	974	1,003	92
1975	1,900	1,900	92
1976	2,000	2,000	92
Acquisitions, interlocks, and agreements:			
1974	4,284	4,743	2,160
1975	4,374	5,314	1,220
1976	4,374	4,376	1,218
Subsidy rates and analyses:			
1974	67	37	39
1975	92	101	30
1976	111	117	24
Subsidy claims and payments:			
1974	803	803	12
1975	707	707	12
1976	722	722	12
Regulation of accounting and reporting systems:			
1974	1,385	1,101	943
1975	1,548	1,164	1,327
1976	1,475	1,179	1,623
Carrier report schedule filings:			
1974	34,512	34,512	
1975	52,582	52,057	525
1976	60,000	55,000	5,525

SELECTED WORKLOAD—Continued

Actual 1974 and 1975 Workload and Estimated 1976 Workload for More Significant Categories—Continued

Item and fiscal year	Receipts during fiscal year	Completions during fiscal year	On hand end of fiscal year
Analysis and evaluation:			
1974	384	382	11
1975	399	394	16
1976	415	419	12
Statistical data reports:			
1974	426	420	76
1975	456	477	55
1976	488	494	49
Audit of subsidized carriers:			
1974	393	113	280
1975	420	150	550
1976	450	150	850
Audit of nonsubsidized carriers:			
1974	942	228	714
1975	1,189	225	1,678
1976	1,178	235	2,621
Formal and informal enforcement actions:			
1974	1,032	1,105	389
1975	1,125	1,120	394
1976	1,388	1,346	436
Enforcement investigations:			
1974	746	550	376
1975	1,811	1,648	539
1976	3,990	2,593	1,936
Consumer complaints:			
1974	16,047	15,933	2,450
1975	20,400	21,850	1,000
1976	25,500	25,600	900
Opinion writing:			
1974	90	80	53
1975	131	123	61
1976	130	137	54

FINANCING BOARD OPERATIONS

Operating costs are paid from funds appropriated annually by the Congress. Salaries and expenses costs for fiscal years 1974 and 1975 and related man-years of employment follow:

	Fiscal	
	1974	1975
Salaries and expenses (000)	$15,607	$17,610
Man-years of employment	688	717

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MONEY RETURNED TO THE TREASURY

The Board collected and deposited $1,529,000 in the miscellaneous receipt accounts in the Treasury. The money was primarily from filing and license fees. Included in the total was $581,000 received from civil penalties assessed against air carriers.

Receipts from Filing and License Fees
During the Period July 1, 1974–June 30, 1975

Paragraph	Fees	Number	Year-to-date fiscal year amount
(a)(1)Applications—Section 401	$300	129	$38,700
(b) Agreements—Section 412(a)—IATA	50	809	40,450
(b) Agreements—Section 412(a)—Other	50	781	39,050
(b) Agreements—Prior Board Approval	200	35	7,000
(c) Air Cargo Pickup and Delivery	175	1	175
(d) Airport Notices/Authorization	40	52	2,080
(e) Change in Service Pattern—Heli	40	1	40
(e) Change in Service Pattern—Other	300	2	600
(f) Change of Name	300	4	1,200
(g) Delay Inauguration/Suspend Services	400	49	19,600
(g) Extend Notice of Embargo	25	35	875
(h) Exemption—Section 401 and Special Authorization—Section 417 and Waiver	300	147	44,100
(i) Exemption—Section 403	50	50	2,500
(j) Other Exemptions	100	590	59,000
(j) Each Additional Charter Named	10	1,959	19,590
(k) Free or Reduced Rate Authority	10	109	1,090
(k) Waiver of Tariff Regulation	10	239	2,390
(k) Special Tariff Permission	10	2,053	20,530
(l) Tour Prospectus	50	509	25,450
(m) Tour Contracts and Bonds	50	.....	.....
(n) Study Group Statements	50	6	300
(o) Travel Group Charters	50	325	16,250
(p) Interlocking Relationships	250	14	3,500
(q) Merger Acquisition of Control not Certified	150	57	8,550
(q) Merger Acquisition of Control Certified	3,000	2	6,000
(q) Lease Purchase Agreements	50	7	350
(r) Motions to Strike	50	222	11,100
(s) Air Freight Forwarder	400	43	17,200
(t) Operating Authorization/Military	400	1	400
(t) Bonds/Military	50	.....	.....
(u)(v) Tariffs Issued	[1] 2	.....	227,878
(w) Request for Waiver	[2] 25	8	200
Part 298: Air Taxi Registration	15	3,023	45,345
Total Filing Fees	.....	.....	661,493
License Fees per Attached Schedule	.....	.....	132,000
Total Filing and License Fees	.....	.....	793,493

[1] $2 per page.
[2] $25 or 10 percent of fees, whichever is les.

Estimated Subsequent License Fee Receipts Based on Judges' Decisions
as of June 30, 1975

Docket	Case	Carrier	Amount per carrier	Total
24694	Miami/Los Angeles Non-Stop Service	Pan Am	$40,000	$40,000
18401	Omaha/Des Moines Service Case	American	40,000	
		Eastern	2,000	42,000
23944	Supplemental Renewal Proceedings	Johnson Flying Service	2,000	
		Capitol Int'l Airways	10,000	
		McCulloch Int'l Airways	10,000	
		Modern Air Transport	10,000	
		ONA	20,000	
		Saturn Airways	20,000	
		Trans Int'l Airlines	20,000	
		World Airways	20,000	112,000
26218	Deletion of Stillwater, Oklahoma	Frontier	1,500	1,500
25487	Bridgeport Service Case	Allegheny	1,500	1,500
25908	Transatlantic Route Proceeding	Pan Am	40,000	
		TWA	40,000	
		National	40,000	
		Seaboard	40,000	
		Saturn	40,000	
		Capitol Int'l	40,000	
		TIA	40,000	
		World	40,000	
		ONA	40,000	360,000
26471	Evergreen Helicopters, Inc., Acquistion of Johnson Flying Service	Evergreen Air Lines	20,000	20,000
26941	Boston-Toronto Nonstop Route Proceeding	Allegheny	10,000	10,000
27104	Pan Am-Western Route Transfer Agreement	Western	40,000	40,000
26977	New York-Rio de Janeiro-Johannesburg Case	Pan Am	20,000	20,000
		Total		647,000

License Fee Receipts—Fiscal 1975

Number	Name of case	Description	Carrier	Fee
74-7-70	New England Service Investigation	Amended cert., route 27	Delta	$13,500
		Amended cert., route 97	Allegheny	3,000
		Amended cert., route 172	Air New England	20,000
74-6-85	Deletion of Aberdeen/Hoquiam, Washington	Amended cert., route 76	Hughes Airwest	1,500
74-7-35	Deletion of Kennedy Space Center, Florida	Amended cert., route 10	Eastern	1,500
74-7-109	Deletion of Olean, N.Y.	Amended cert., route 97	Allegheny	1,500
74-8-16	Redesignation of Laurel and Hattiesburg, Miss., as Laurel-Hattiesburg, Miss.	Amended cert., route 98	Southern Airways	1,500
74-8-28	Route Realignment	Amended cert., route 97	Allegheny	2,000
74-8-50	Wilmington Service Investigation	Amended cert., route 2	TWA	1,500
		Amended cert., route 97	Allegheny	1,500
		Amended cert., routes 5 and 6	Eastern	1,500
		Amended cert., routes 4 and 25	American	1,500
74-8-79	Deletion of Shelbyville-Tullahoma, Tenn.	Amended cert., route 98	Southern Airways	1,500
74-9-90	Detroit-Nashville Nonstop Investigation	Amended cert., route 98	Southern Airways	2,000
74-9-56	Deletion of Anderson and Greenwood, S.C.	Amended cert., route 98	Southern Airways	3,000
74-10-52	Deletion of Lima, Ohio	Amended cert., route 97	Allegheny	1,500
74-9-89	Service to Richmond Case	Amended cert., route 31	National	1,500
74-11-22	Deletion of Elmira-Corning, N.Y., and Harrisburg and Williamsport, Pa.	Amended cert., route 34	United	4,500
74-11-19	Deletion of Muskogee, Okla.	Amended cert., route 73	Frontier	1,500
74-11-12	Deletion of Sun Valley-Hailey-Ketchum and Burley-Rupert, Idaho	Amended cert., route 76	Hughes Airwest	1,500
74-11-21	Cancellation of Route	Amended cert., route 38	TWA	4,500
74-11-20	Deletion of Seven Suspended Points	Amended cert., routes 7, 4, and 25	American	10,500
74-12-129	Authorization of Foreign Air Transportation	Amended cert., route 97F	Allegheny	2,000
74-12-125	Deletion of Big Spring, Tex.	Amended cert., route 82	Texas International	1,500
75-2-22	Route Realignment	Amended cert., route 86	North Central	2,000
75-2-126	Addition of Edmonton, Canada	Amended cert., route 76F	Hughes Airwest	10,000
75-3-51	Deletion of Sandusky, Ohio	Amended cert., route 97	Allegheny	1,500
75-4-110	Deletion of Lafayette, Ind.	Amended cert., route 97	Allegheny	1,500
75-5-11	Deletion of Antofagasta, Chile	Amended cert., route 153	Braniff	1,500
75-3-46	Addition of New Segment	Issuing cert., route 73F	Frontier	10,000
75-5-51	Deletion of Lufkin, Tex.	Amended cert., route 82	Texas International	1,500
			Total	132,000

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EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

Under the Equal Employment Opportuinity Plan—Fiscal Year 1975, program objectives continued to be realized. The Board's employment of minorities rose to 21.5 percent. Comparison of statistics for the past 5 years reflects a slow but steady rise in minority population as follows:

Year	Total employment	Total minority		Total black	Total Spanish	Total oriental	Total Indian
		Number	Percent				
1970	630	107	16.5	104	1	2	0
1975	709	164	21.5	153	9	2	0

A new EEO Counselor (part-time) was selected and trained. Internal instructions were changed to include the policy of nondiscrimination based on age (Public Law 93–259), and employees were informed of their rights under this change. The computerized statistical data base on minority-group designations was reviewed and updated to eliminate delayed reports to the Civil Service Commission. In addition, internal reports on statistical comparisons were furnished to directors of bureaus and offices.

Recruitment activities were increased to attract minority and women candidates from all sources. The Coordinator for the Spanish-Speaking, who serves as a member of the Legal Recruitment Committee, visited several educational institutions and interviewed potential graduates. Local recruitment efforts were enhanced through contact with 56 community organizations. A mailing list of these organizations was established to transmit copies of all vacancy announcements of Board job opportunities open to all sources.

Special attention was given to the Worker-Trainee Opportunities Program. Only one trainee failed to complete the program; the other six have received one or more promotions and have been converted to permanent positions. The implementation of a formal Upward Mobility Program was finalized by the Civil Service Commission approval of a training agreement that will provide employee participants in the Upward Mobility Program maximum opportunity to qualify for Transportation Industry Analyst and/or Economist career ladder positions. Employees interested in participating in the program have completed Skill Bank Survey Sheets which will be used when selections are made.

The employment of black males in professional positions has been low; however, five promotions were effected. Black females in professional/technical positions increased through the appointment of one attorney and the promotion of two employees. The number of Spanish-surnamed in professional positions increased with the appointment of another attorney. Four Spanish-surnamed employees were employed in clerical positions.

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The Federal Woman's Program resulted in additional women hired in professional categories and a continuing rise in the number of women in higher grade positions. During this fiscal year, 33 females were promoted. Since 1970, the number of women in GS–11 through GS–13 positions has increased from 35 to 50. In addition, women employees have been reassigned or promoted into Air Transport Program Aid positions which can lead to upward mobility into professional categories. Top management support was reemphasized in staff communications concerning International Women's Year 1975. The CAB theme, "A Fair Shake," will focus additional attention on the women's program.

Orientation of employees and supervisors includes all aspects of the EEO Program. Supervisors and managers continue to support the program and provide training and employee development opportunities whenever possible.

LEGISLATIVE DEVELOPMENTS

LEGISLATION ENACTED

During the fiscal year, only one measure was enacted which significantly affected the functions and activities of the CAB. This was Public Law 93-623, approved January 3, 1975, amending the Federal Aviation Act of 1958 and the International Aviation Facilities Act so as to deal with discriminatory and unfair competitive practices in international air transportation. Of particular importance to the CAB are provisions that: (a) direct the CAB and other Federal Departments and Agencies to review and take all appropriate action within their jurisdiction to eliminate all forms of discriminatory or unfair competitive practices in foreign air transportation and to report annually to Congress on the actions taken and the continuing program for the elimination of such practices; (b) direct the CAB and the Department of State to promptly initiate negotiations with foreign countries exacting discriminatory or excessive user charges (as determined by the Secretary of Transportation) for the purpose of reducing or eliminating such excessive or discriminatory charges, and provides for the collection by the Secretary of the Treasury of compensating charges as determined by the Secretary of Transportation from the flag carriers of the countries charging such excessive or discriminatory user charges in the event that negotiations fail to eliminate such charges; and (c) direct the CAB to consider rates paid for the transportation of mail pursuant to the Universal Postal Union Convention as ratified by the United States when setting the fair and reasonable airmail rates for U.S. air carriers in foreign air transportation. The measure also includes provisions prohibiting rebates by or through ticket agents, authorizing the CAB to inspect the facilities and records of foreign air carriers and records of ticket agents, and prohibiting the acceptance of rebates by any person.

MATTERS PRESENTED TO THE CONGRESS

In addition to testimony on matters dealing with its operations and appropriations, the CAB testified concerning international subsidy and discriminatory practices in international air transportation; the Animal

Welfare Act; H. Res. 1405 concerning the health of U.S.-flag carriers; S. 260 concerning the opening of government agency meetings to the public; charter fares; S. J. Res. to create a national commission on regulatory reform; domestic passenger-fare increases; and the impact on air carriers of rapidly rising fuel costs. In addition, the Board testified extensively before the Senate Judiciary Committee, Subcommittee on Administrative Practice and Procedure concerning the comparison of State and Federal regulation of the airlines; Federal regulation of route awards and entry into the airline industry; consumer problems; ratemaking; and capacity-reduction agreements.

The Board also submitted 30 reports on proposed legislation to Congress or to the Office of Management and Budget for coordination and subsequent submission to Congress.

LEGISLATIVE PROPOSALS

The Civil Aeronautics Board is required by the Federal Aviation Act to include in its annual report such recommendations for additional legislation as it believes to be necessary for the discharge of its regulatory functions. The Board's present legislative proposals for 1975 are encompassed in the following program.

1. Authorization of the Board To Assess Civil Penalties

Legislation is needed that will permit the Board to impose civil penalties for violations of the economic regulatory provisions of the Federal Aviation Act, or Board regulations thereunder. The Act now provides that any person violating such provision of the Act or the Board's regulations shall be subject to a civil penalty, and it authorizes the Board to compromise any civil penalty action, but the penalties themselves can only be imposed by a U.S. district court in a penalty proceeding instituted there. This procedure has seriously impeded the Board's ability to insure compliance with the requirements of the laws which it has the responsibility to enforce.

The general matter of the power of administrative agencies to impose civil penalties has been the subject of study and consideration by the Administrative Conference of the United States, and the Conference has characterized the increased use of civil money penalties as "an important and salutary trend" and urged administrative agencies to consider asking Congress for authority to impose civil money penalties. This authority would help alleviate the already critical overburdening of the Federal courts by removing controversies which involve little precedential significance and only small sums of money, and it would help the Board to administer its statutory responsibilities more speedily and potently. The agency (rather than a district court) would resolve the disputed issues which require specialized knowledge and expertise.

The requirement that the Board rely on *de novo* court proceedings for the imposition of civil penalties for violation of the Federal Aviation Act hampers the Board's ability to insure compliance with existing law and can result in both unnecessary duplication of effort and delay.

The legislation proposed by the Board would eliminate the need for a *de novo* district court penalty suit and would enable the Board to relate the amount of the penalty directly to the nature and circumstances of the violation. In many instances, this would reduce total litigation expenses to both the Government and private parties while preserving the safeguards of justice through the reviewability of Board decisions in the U.S. courts of appeals.

The administration of the Federal Aviation Act, and the Board's regulations thereunder, are uniquely suitable to the administrative (rather than judicial) imposition of civil penalties. The eventual compromise settlements in Board cases has ranged from a low of $500 to a high of $150,000, and more than half of all claims involved a compromise settlement of $5,500 or less. Claims of this general size should not burden the already strained resources of the U.S. attorneys and the Federal district courts. Finally, almost all cases involve respondents who routinely come within the Board's regulatory jurisdiction and are fully familiar with, and are often the beneficiary of, the Board's processes.

The legislation proposed by the Board would empower it, upon notice and hearing, to order the payment of civil penalties in accordance with the amount now fixed by statute. The legislation would specify that a Board order assessing a penalty would be subject to review only by the U.S. courts of appeals. It also would empower the Board to assess civil penalties in controverted cases. The Board also would retain its existing right to issue orders which include a civil penalty as part of a settlement or other consent disposition of a proceeding. In either case, failure to pay a Board-ordered penalty would subject the person involved to an action in a U.S. district court for recovery of amounts owed to the United States.

The Federal Aviation Act of 1958 empowered the Civil Aeronautics Board to compromise civil penalties for violation of title VII of the Act (aircraft accident investigation). This function was transferred to the Secretary of Transportation by section 6(d) of the Department of Transportation Act, and retransferred by the same section to the National Transportation Safety Board. The proposed legislation would reflect such change.

Legislation that would have given effect to the recommendations of the Board was submitted to the Congress on August 8, 1974, but it was not introduced.

It is believed that the legislation would not involve any increase or decrease in appropriations.

2. CAB Court Representation

The judicial review provisions of the Federal Aviation Act do not expressly provide that the Board may participate in court proceedings through its own counsel as a matter of right. The Board believes that as an independent regulatory agency it should have the same right that other comparable agencies have to appear and be represented as a separate party in court proceedings involving review of Board orders. The CAB believes it essential, as recommended by the House Oversight Committee, that the Board be able to make its position known in addition to that of the Department of Justice. Such a procedure would allow the Board properly to carry out its functions and responsibilities, and at the same time permit the Department of Justice to make known to the court any policy considerations which it deems desirable or necessary in the public interest.

3. Notice of Tariff Changes

Legislation is needed which would amend the Federal Aviation Act to require a carrier to give at least 45 days' notice of any proposed tariff change. The Board also would amend the Act to provide that, in the event that it decides to suspend a proposed tariff for interstate or overseas air transportation, the Board will have to do so at least 15 days prior to the time the tariff would otherwise go into effect.

If the Act were amended as proposed, the Board would continue to have only 30 days within which to evaluate complaints requesting suspension of tariffs in interstate or overseas air transportation, since the Board's suspension power would end 15 days before the expiration of the 45-day notice period. Both the air traveler or shipper and the carrier would benefit from this amendment. Air transportation users would benefit, since there would be greater certainty that the price which travelers paid for their tickets or which the shippers expected to pay for the transportation of their cargo would still be the price at which the transportation would be provided. The carriers also would benefit from both the more timely notice of a Board suspension of a tariff and by the avoidance of the unfavorable public reaction that frequently follows a last-minute suspension.

In the case of tariffs in foreign air transportation, the Board would be given 15 additional days within which to study and analyze tariffs, since it would not have to suspend a tariff covering foreign air transportation at least 15 days before its effective date.

TABLES

Table 1.—INDICATORS OF GROWTH IN TRAFFIC AND OPERATIONS

Item	1965	1966[1]	1967	1968
A. Traffic in scheduled service of certificated route air carriers:				
1. Overall revenue ton-miles (000)	8,985,584	10,685,926	13,036,284	15,249,312
Percent change from base year	0	19	45	70
2. Cargo revenue ton-miles (freight and express) (000)	1,820,154	2,149,096	2,449,991	2,910,033
Percent change from base year	0	18	35	60
3. U.S. mail ton-miles (000)	482,977	751,847	976,126	1,257,051
Percent change from base year	0	64	102	160
4. Total revenue passenger-miles (000)	68,676,459	79,889,250	98,746,641	113,958,321
Percent change from base year	0	16	44	66
5. First-class revenue passenger-miles (000)	17,221,550	19,241,347	20,905,909	22,627,247
Percent change from base year	0	12	21	31
6. Coach revenue passenger-miles (000)	51,454,909	60,647,903	77,840,732	91,331,074
Percent change from base year	0	18	51	78
B. Traffic in nonscheduled service of certificated route air carriers:				
7. Overall revenue ton-miles (000)	909,401	1,754,984	2,648,005	2,865,022
Percent change from base year	0	93	191	215
8. Passenger revenue ton-miles (000)	458,568	841,616	1,363,231	1,661,355
Percent change from base year	0	84	197	262
9. Freight revenue ton-miles (000)	449,865	899,290	1,086,541	961,829
Percent change from base year	0	100	142	114
10. Revenue passenger-miles (000)	4,539,407	8,523,530	13,031,879	16,079,047
Percent change from base year	0	88	187	254
C. Traffic of supplemental and large irregular carriers:				
11. Overall revenue ton-miles (000) [2]	544,048	834,616	1,038,235	1,335,103
Percent change from base year	0	53	91	145
12. Cargo revenue ton-miles (000)	297,601	425,093	442,064	446,453
Percent change from base year	0	43	49	50
13. Revenue passenger-miles (000)	2,489,173	4,125,445	5,997,150	8,886,498
Percent change from base year	0	66	141	257
D. Scope of service offered by certificated route air carriers:				
14. Stations served (at June 30) [3]	686	682	685	682
Percent change from base year	0	−1		−1
15. Unduplicated route mileage operated (average over fourth quarter)	263,160	269,075	278,703	289,226
Percent change from base year	0	2	0	10

See footnotes at end of table.

OF THE AIR CARRIER INDUSTRY, CALENDAR YEARS 1965–74

1969	1970	1971	1972	1973	1974
16,898,186	18,166,793	18,685,307	20,746,377	22,241,875	22,425,070
88	102	108	131	148	150
3,355,791	3,514,171	3,795,283	4,304,874	4,837,226	4,970,919
84	93	109	137	166	173
1,334,535	1,470,176	1,313,376	1,190,198	1,197,974	1,150,832
176	204	172	146	148	138
125,414,212	131,719,194	135,657,702	152,406,702	161,957,307	162,917,241
83	92	98	122	136	137
23,483,018	22,592,948	22,007,064	24,840,378	26,445,436	28,175,970
36	31	28	44	54	64
101,931,074	109,144,245	113,650,634	127,565,903	135,511,871	134,741,268
98	112	121	148	163	162
3,091,192	2,019,836	2,220,658	2,058,659	1,685,782	1,474,969
240	122	144	126	85	62
1,798,856	1,668,117	1,376,117	1,160,987	1,239,588	1,113,217
292	264	200	153	170	143
1,086,802	347,884	841,975	893,526	446,051	361,396
142	−23	87	99	−1	−20
17,427,615	16,427,615	13,647,567	11,608,985	12,395,070	11,132,566
281	262	201	156	173	145
1,584,740	1,419,859	1,558,601	1,461,783	1,582,479	1,453,132
191	161	186	169	191	167
469,651	391,441	501,237	456,815	403,518	366,887
58	32	68	54	36	23
11,150,888	10,284,177	10,573,646	10,049,683	11,789,623	10,862,449
348	313	325	304	374	336
682	638	662	658	643	620
−1	−7	−4	−4	−6	−10
343,600	344,013	385,216	385,572	393,075	373,134
31	31	46	47	49	42

Table 1.—INDICATORS OF GROWTH IN TRAFFIC AND OPERATIONS OF

Item	1965	1966	1967	1968
16. Duplicated route mileage certificated (at June 30)	627,653	642,256	674,666	687,046
Percent change from base year	0	2	7	9
17. Aircraft departures in scheduled service	4,197,584	4,373,597	4,946,105	5,348,089
Percent change from base year	0	4	18	27
E. Provision for service by the certificated route air carriers:				
18. Total available seat-miles in scheduled service (000)	124,319,945	137,844,531	174,818,524	216,445,750
Percent change from base year	0	11	41	74
19. Total assets (at December 31) (000)	5,581,330	7,310,369	9,344,104	10,996,112
Percent change from base year	0	31	67	97
20. Total capital invested (average over the year) (000)[4]	N/A	4,760,648	6,405,423	7,964,874
Percent change from base year				
21. Investment in flight equipment (at December 31) (000)[5]	3,104,263	3,990,330	5,195,101	6,475,386
Percent change from base year	0	29	67	109
22. Number of aircraft in service[6]	1,909	2,082	2,266	2,406
Percent change from base year	0	9	19	26
23. Number of certificated route carriers	49	49	46	38
Percent change from base year	0		−6	−22
24. Number of airline employees	210,749	243,693	274,533	294,192
Percent change from base year	0	16	30	40
F. Financial and operational data of certificated route air carriers:				
25. Total operating revenues (including service mail pay and subsidy) (000)	$4,250,838	$4,745,038	$6,864,726	$7,761,773
Percent change from base year	0	16	38	57
26. Net income (after taxes and special items) (000)	$362,293	$427,633	$415,388	$209,952
27. Federal subsidy accruing (fiscal year data) (000)[7]	$76,852	$69,970	$63,355	$50,278
Percent change from base year	0	−9	−18	−35
28. Federal subsidy accruing as percent of total operating revenues (June)[7]	1.6	1.3	1.0	0.8
Percent change from base year	0	−19	−38	−50
29. All income and other taxes paid (domestic) (000)[8]	$315,496	$379,189	$360,878	307,720
Percent change from base year	0	20	14	−2
30. Airmail revenues of the Post Office Dept. (fiscal year data) (000)[9]	$330,827	$372,151	$439,232	$586,676
Percent change from base year	0	12	33	77
31. Overall revenue ton-miles in scheduled service per airline employee	42,636	43,850	47,485	51,835
Percent change from base year	0	3	11	22

[1] Five of the trunk carriers suspended all operations during the period July 8, 1966, through Aug. 19, 1966, because of strike.

[2] Includes passenger-mile conversion on 200-pound-per-passenger basis.

[3] Figures do not include Alaska stations.

[4] Average (arithmetic mean) of five quarterly balances of stockholder equity; long-term debt (current and long-term portions); advances from associated companies and nontransport divisions; and as an offset, unamortized discount and expense on debt. From 1964, excludes unamortized discount and expense on debt. 1966 to present excludes equipment-purchase deposits. Operating investment (1970) includes assets, as reported, which are recognized for ratemaking purposes adjusted (1) to exclude portions thereof provided by capital sources not recognized for ratemaking and (2) to conform depreciated flight equipment with regulatory depreciation bases. For more detailed statement of methods, see Press Release CAB 72-189. "Average Investment" data heretofore presented have been

1969	1970	1971	1972	1973	1974
685,056	837,565	860,500	894,796	880,760	851,584
9	33	37	43	40	36
5,379,125	5,101,462	4,998,934	5,046,438	5,134,577	4,725,783
28	22	19	20	22	13
250,845,906	264,903,858	279,823,351	287,418,092	310,597,107	297,004,332
102	113	125	131	150	139
12,021,464	12,910,758	12,997,813	13,634,937	14,463,639	15,200,190
115	131	133	144	159	172
8,915,746	9,553,716	9,854,815	9,997,007	10,400,518	10,713,292
6,918,329	7,462,630	7,310,967	7,665,887	8,217,132	8,446,062
123	140	136	147	165	172
2,610	2,564	2,534	2,519	2,492	2,412
37	34	33	32	31	26
39	39	37	38	35	34
−20	−20	−24	−22	−29	−31
305,492	299,875	291,809	301,593	311,819	307,437
45	42	38	43	48	46
$8,792,317	$9,289,618	$10,045,577	$11,163,271	$12,418,777	$14,702,563
77	87	103	125	150	197
$52,752	−$200,480	$28,006	$214,850	$221,863	$321,641
$46,955	$39,180	$60,148	$67,234	$64,572	$72,995
−39	−49	−22	−13	−16	−5
0.5	0.4	0.6	0.6	0.5	0.5
−69	−75	−63	−63	−69	−69
$296,111	$154,625	$251,362	$363,371	$468,206	$308,221
−6	−51	−20	15	48	−2
$485,487	$485,700	$501,000	$558,200	$564,900	$627,900
47	46	51	69	71	90
55,315	60,581	64,033	68,789	71,329	72,942
30	42	50	61	67	71

discontinued to facilitate more timely release of this publication. Similar data for most certificated route air carriers are now presented in the Board's "Interim Financial Report" issued quarterly.

[5] After deduction of reserves for depreciation and airworthiness.

[6] Data are from CAA (FAA 1959), *U. S. Civil Air Carrier Fleet*, and CAB Forms 41. Data beginning with 1966 are at Dec. 31.

[7] Figures are estimates by the Local Service Division of CAB's Bureau of Economics for 1972 and subsequent years. Data for 1973 through latest year reflects actual payments received.

[8] Not including, of course, passenger excise taxes merely collected and forwarded by the carriers.

[9] Data from U.S. Post Office Department's Revenue and Cost Analysis publication. Includes priority mail.

Table 2.—CARGO RATINGS—U.S. SYSTEM TRUNKS AND SYSTEM ALL-CARGO CARRIERS (SCHEDULED SERVICE) FOR THE YEAR ENDED JUNE 30, 1975, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR

Passenger/cargo carriers [1]	Cargo [2] ton-miles		
	Amount (000)	Percent change	Market share (percent)
Pan American	828,919	−8.9	18.0
United	591,798	−11.3	12.9
American	476,668	−13.2	10.4
Trans World	462,791	−4.9	10.1
Northwest	310,995	.2	6.8
Eastern	207,516	.8	4.5
Continental [1]	187,502	16.0	4.1
Delta	164,528	−12.7	3.6
Braniff	84,959	−7.9	1.8
Western	75,426	17.6	1.6
National	39,001	−48.4	.8
All-cargo carriers:			
Flying Tiger	656,797	−7.2	14.3
Seaboard	402,950	−.6	8.8
Airlift	114,351	2.3	2.5
Total all carriers	4,604,201	−6.8	100.0

[1] Air Micronesia reports no traffic data. Data included with Continental.
[2] Comprises freight and express.

Source: "Air Carrier Traffic Statistics."

Table 3.—AIRFREIGHT STATISTICS, DOMESTIC AND INTERNATIONAL TRUNKS, LOCAL SERVICE AND ALL-CARGO CARRIERS, SCHEDULED SERVICES

Scheduled freight and mail revenue ton-miles[3]
system operations 12 months ended June 1975

[in thousands]

Carriers	12 months ended June 1975			Percent change, 1975 over 1974		
	Freight	Mail	Total	Freight	Mail	Total
Trunk carriers:						
American[1]	464,710	108,848	573,558	−12.7	6.8	−9.5
Braniff	82,069	35,528	117,597	−6.3	−1.9	−5.0
Continental	185,459	23,698	209,157	17.3	−0.6	15.0
Delta	164,529	63,537	228,066	−6.9	−4.0	−6.1
Eastern	199,276	58,323	257,599	1.8	3.3	2.1
National[2]	37,920	10,716	48,636	−51.2	−40.7	−49.2
Northwest	306,306	96,414	402,720	0.6	3.8	1.3
Pan American	828,889	207,229	1,036,118	−8.8	−2.1	−7.6
Trans World	454,256	159,258	613,514	−4.6	2.2	−2.9
United	585,763	162,687	748,450	−9.5	−0.1	−7.6
Western	73,857	22,109	95,966	19.1	−1.0	13.8
Total	3,383,034	948,347	4,331,381	−6.7	0.0	−5.3
All-cargo carriers:						
Airlift	114,229	1,155	115,384	2.5	520.9	3.3
Flying Tiger	655,754	109,753	765,507	−7.1	−20.3	−9.3
Seaboard	402,754	35,996	438,750	−0.6	−7.6	−1.2
Total	1,172,737	146,904	1,319,641	−4.1	−16.9	−5.7
Local service carriers:						
Air New England[4]	29	18	47			
Allegheny	18,845	13,453	32,298	−23.5	−9.7	−18.3
Frontier	9,364	4,446	13,810	−5.1	2.8	−2.7
Hughes Airwest	5,713	2,427	8,140	3.8	11.0	5.8
North Central	8,108	3,004	11,112	−13.1	−4.8	−11.0
Ozark	6,345	2,960	9,305	−4.8	0.9	−3.1
Piedmont	6,075	2,908	8,983	−10.6	−0.1	−7.5
Southern	4,868	2,095	6,963	−12.3	−4.9	−10.2
Texas International[2]	2,954	881	3,835	−36.6	−47.9	−39.6
Total	62,301	32,192	94,493	−14.7	−6.2	−11.9

See footnotes at end of table.

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Table 3.—AIRFREIGHT STATISTICS, DOMESTIC AND INTERNATIONAL TRUNKS, LOCAL SERVICE AND ALL-CARGO CARRIERS, SCHEDULED SERVICES—Continued

Scheduled freight plus mail revenue as a percent of total scheduled transport revenue,[3] domestic and international operations, 12 months ended June 1975

	Domestic operations			International operations		
	Total scheduled transport revenue ($000)	Total freight plus mail revenue ($000)	Freight plus mail revenue as a percent of transport revenue	Total transport revenue ($000)	Total freight plus mail revenue ($000)	Freight plus mail revenue as a percent of transport revenue
Trunk carriers:						
American[1]	1,472,401	133,063	9.0	154,372	14,818	9.6
Braniff	414,549	28,277	6.8	120,897	13,116	10.8
Continental	457,452	40,260	8.8	11,130	2,488	22.4
Delta	1,331,195	83,201	6.3	35,057	2,333	6.7
Eastern	1,240,433	60,782	4.9	264,045	13,510	5.1
National[2]	281,113	13,782	4.9	19,237	1,480	7.7
Northwest	565,198	63,453	11.2	183,174	34,965	19.1
Pan American	103,143	18,216	17.7	1,302,371	274,654	21.1
Trans World	1,106,961	89,831	8.1	534,144	76,577	14.3
United	2,102,926	186,310	8.9			
Western	440,003	26,624	6.1	35,770	1,213	3.4
Total	9,515,374	743,799	7.8	2,660,197	435,154	16.4
All-cargo carriers:						
Airlift	16,095	16,063	99.8	7,953	7,953	100.0
Flying Tiger	69,950	69,290	99.1	93,738	93,738	100.0
Seaboard				89,274	89,274	100.0
Total	86,045	85,353	99.2	190,965	190,965	100.0
Local service carriers:						
Air New England[4]	4,182	172	4.1			
Allegheny	362,537	20,727	5.7			
Frontier	144,704	7,719	5.3			
Hughes Airwest	150,749	5,386	3.6			
North Central	136,782	9,529	7.0			
Ozark	110,999	7,569	6.8			
Piedmont	123,399	7,137	5.8			
Southern	94,480	5,161	5.5			
Texas International[2]	56,054	2,700	4.8			
Total	1,183,886	66,100	5.6			

See footnotes at end of table.

Table 3.—AIRFREIGHT STATISTICS, DOMESTIC AND INTERNATIONAL TRUNKS, LOCAL SERVICE AND ALL-CARGO CARRIERS, SCHEDULED SERVICES—Continued

Scheduled Air Freight Yields, Domestic and International Operations
12 Months Ended June 1975 and 1974

[cents per revenue ton-mile]

	Domestic Operations			International Operations		
	12 months ended June 1975 (cents)	12 months ended June 1974 (cents)	Percent change	12 months ended June 1975 (cents)	12 months ended June 1974 (cents)	Percent change
Trunk carriers:						
American[1]	26.19	22.57	16.04	26.96	24.75	8.93
Braniff	34.67	29.28	18.41	35.42	30.50	16.13
Continental	18.85	20.03	−5.89	49.48	33.79	46.43
Delta	40.32	34.59	16.57	38.19	39.51	−3.34
Eastern	33.25	30.06	10.61	19.08	19.41	−1.70
National[2]	31.36	27.42	14.37	36.13	28.43	27.08
Northwest	23.26	22.00	5.73	25.70	21.04	22.15
Pan American	24.74	21.28	16.26	27.87	23.53	18.44
Trans World	27.35	23.23	17.74	26.63	21.14	25.97
United	25.15	22.25	13.03			
Western	29.95	28.47	5.20	26.01	24.99	4.08
Total	27.02	24.16	11.84	27.32	23.08	18.37
All-cargo carriers:						
Airlift	20.75	18.52	12.04	21.02	18.82	11.69
Flying Tiger	18.87	17.28	9.20	23.88	20.17	18.39
Seaboard				20.05	16.74	19.77
Total	19.21	17.47	9.96	21.67	18.21	19.00
Local service carriers:						
Air New England[4]	475.86					
Allegheny	78.10	59.30	31.70			
Frontier	62.57	54.11	15.63			
Hughes Airwest	76.60	65.64	16.70			
North Central	93.14	74.59	24.87			
Ozark	90.92	72.66	25.13			
Piedmont	90.77	73.11	24.16			
Southern	84.65	64.13	32.00			
Texas International[2]	74.95	59.33	26.33			
Total	80.67	63.91	26.22			

See footnotes at end of table.

Table 3.—AIRFREIGHT STATISTICS, DOMESTIC AND INTERNATIONAL TRUNKS, LOCAL SERVICE AND ALL-CARGO CARRIERS, SCHEDULED SERVICES—Continued

Freight Ton-Miles in *All-Cargo Aircraft* as a Percent of Total Scheduled Freight Ton-Miles, Domestic and International Operations
12 Months Ended June 1975

	Domestic Operations			International Operations		
	Total freight RTM's (000)	All-cargo service freight RTM's (000)	All-cargo freight RTM's as a percent of total RTM's	Total freight RTM's (000)	All-cargo service freight RTM's (000)	All-cargo freight RTM's as a percent of total RTM's
Trunk carriers:						
American	413,511	240,928	58.3	51,199	25,741	50.3
Braniff	56,623	23,556	41.6	25,446	101	*
Continental	181,603			3,856		
Delta	158,663			5,866		
Eastern	137,655	49,805	36.2	61,621	51	*
National	34,062			3,858		
Northwest	213,150	32,390	15.2	93,156	27,889	29.9
Pan American	53,532	19,421	36.3	775,357	429,137	55.3
Trans World	255,760	139,960	54.7	198,496	94,018	47.4
United	585,763	316,227	54.0			
Western	69,408			4,449		
Total	2,159,730	822,287	38.1	1,223,304	576,937	47.2
All-cargo carriers:						
Airlift	76,545	76,545	100.0	37,684	37,684	100.0
Flying Tiger	348,224	348,224	100.0	307,530	307,530	100.0
Seaboard				402,754	402,754	100.0
Total	424,769	424,769	100.0	747,968	747,968	100.0
Total trunks plus all-cargo carriers	2,584,499	1,247,056	48.3	1,971,272	1,324,905	67.2

[1] American suspended Pacific operations Mar. 1, 1974.

[2] National was on strike July 15, 1974, through Nov. 1, 1974, and Texas International was on strike Dec. 5, 1974, through Apr. 13, 1975.

[3] Express revenue ton-miles and express revenues were excluded since they comprise less than 0.5 percent of the total revenue ton-miles and revenues of system operations.

[4] Air New England commenced certificated route operations Jan. 24, 1975.

Source: Statistical Analysis Section.

Table 4.—AIR CARGO REVENUES AS A PERCENT OF TOTAL OPERATING REVENUE FOR THE YEAR ENDED JUNE 30, 1975[1]

	Total operating revenue (000)	Total cargo[2] revenue (000)	Percent cargo revenue of total revenue
Domestic trunk:			
American	$1,579,663	$112,544	7.1
Braniff	432,555	20,823	4.8
Continental	481,140	35,187	7.3
Delta	1,354,592	63,830	4.7
Eastern	1,314,859	49,055	3.7
National	329,794	11,072	3.4
Northwest	581,713	51,701	8.9
Pan American	106,780	13,253	12.4
Trans World	1,184,087	73,384	6.2
United	2,254,912	149,959	6.7
Western	453,521	21,536	4.7
International trunk:			
American	166,295	13,841	8.3
Braniff	137,623	9,012	6.5
Continental	11,188	1,908	17.1
Delta	35,954	2,240	6.2
Eastern	270,672	11,954	4.4
National	19,950	1,394	7.0
Northwest	206,474	23,944	11.6
Pan American	1,516,102	216,075	14.3
Trans World	588,113	52,870	9.0
Western	36,730	1,157	3.2
All-cargo (system):			
Airlift	45,667	23,838	52.2
Flying Tiger	197,667	139,796	70.7
Seaboard	111,358	80,758	72.5
Total	13,417,409	1,181,131	8.8

[1] Beginning Jan. 1, 1974, reporting regulations were revised to require that "Other Transport-Related Revenues and Expense" (formerly called Incidental Revenues—Net) be reflected gross in operating revenues and expenses rather than as a net amount in operating revenues. This reporting change increased revenues and expense in the 1974 period by $110,432,000 for domestic trunks, $30,804,000 for international trunks, and $684,000 for system all-cargo.

[2] Scheduled freight and express.

Source: "Air Carrier Financial Statistics."

Table 5.—COMPARATIVE SELECTED FINANCIAL DATA FOR DOMESTIC TRUNKS FOR THE YEAR ENDED JUNE 30, 1975, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR

Carrier	Total operating revenue		Total operating expense		Operating profit [1]		Final net income [2]		Corporate rates of return, investment tax credits included [3]	
	Amount (000)	Percent change	Amount (000)	Percent change	Amount (000)	Percent change	Amount (000)	Percent change	1975	1974
United	$2,254,912	6.2	$2,183,452	13.9	$71,460	−65.3	$44,230	−50.4	5.60	8.72
American	1,579,663	9.3	1,600,694	10.8	−21,031	(4)	−15,809	(4)	0.88	1.67
Delta	1,354,592	11.3	1,263,141	18.9	91,451	−40.8	46,653	−47.8	9.78	17.72
Eastern	1,314,859	15.4	1,253,553	13.4	61,306	78.7	11,845	(4)	6.26	4.71
TWA	1,184,087	19.0	1,230,936	28.8	−46,849	(4)	−58,692	(4)	−1.05	7.17
Northwest	581,713	15.1	541,751	23.6	39,962	−40.5	31,925	−32.5	7.69	11.26
Continental	481,140	15.3	439,693	15.1	41,447	16.8	3,851	−69.3	7.37	9.03
Western	453,521	7.0	439,911	15.1	13,610	−67.1	17,233	−24.9	10.63	13.65
Braniff	432,555	15.1	392,739	15.1	39,816	14.6	17,472	7.7	12.04	11.98
National	329,794	−23.8	311,056	−16.4	18,738	−69.1	9,079	−66.9	6.96	12.43
Pan Am	106,780	4.0	131,363	9.5	−24,583	(4)	−18,794	(4)	−15.61	−2.87
Total	10,073,616	9.8	9,788,289	14.9	285,327	−56.6	88,993	−69.6	5.28	8.32

[1] Before income taxes.

[2] After income taxes and special items.

[3] Final net income after taxes and special items plus interest expense excluding capitalized interest as a percent of total investment (long-term debt plus stockholder equity).

[4] Percent change shown only when both values are positive.

Source: "Air Carrier Financial Statistics" and CAB Forms 41.

Table 6.—COMPARATIVE SELECTED TRAFFIC STATISTICS FOR DOMESTIC TRUNKS FOR THE YEAR ENDED JUNE 30, 1975, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR (SCHEDULED SERVICE)

Carrier	Revenue passenger-miles			Passenger enplanements [1]			Load factor (percent)	
	1975 (000)	Percent change	Market share (percent)	1975 (000)	Percent change	Market share (percent)	1975	1974
United	26,608,187	−5.0	23.0	29,628	−5.1	20.0	56.1	59.2
American	17,940,249	−3.6	15.5	18,783	−4.2	13.0	54.1	58.0
Delta[2]	15,463,213	1.1	13.3	25,457	.3	17.6	54.1	54.6
Eastern	14,072,351	3.6	12.1	23,531	.8	16.3	56.2	58.0
TWA[3]	13,592,616	10.4	11.7	13,201	12.0	9.1	50.3	53.4
Northwest	6,747,576	3.5	5.8	7,921	.6	5.5	42.0	43.9
Western	5,986,138	−1.3	5.2	7,305	−5.5	5.0	58.4	60.0
Continental	5,730,214	1.5	4.9	6,578	1.3	4.5	51.7	52.1
Braniff[4]	4,703,782	2.2	4.1	7,484	1.8	5.2	48.1	50.9
National[5]	3,498,685	−38.5	3.0	4,126	−41.5	2.9	48.6	51.5
Pan Am	1,574,437	−15.2	1.4	661	−13.0	.5	48.8	53.9
Total	115,917,448	−1.9	100.0	144,675	−2.6	100.0	53.0	55.4

[1] "Passenger Enplanements" have been substituted for "Passengers Originated," since the latter are no longer reported.

[2] Prior to Jan. 1, 1974, due to waiver granted carrier, data were presented as domestic only. Beginning with the first quarter, March 1974, carrier's domestic and international data are presented separately.

[3] Trans World affected by strike beginning Nov. 5, 1973, with full service resuming Dec. 21, 1973.

[4] Braniff was on strike beginning Sept. 21, 1974, through Sept. 24, 1974.

[5] National was affected by strike beginning July 15, 1974, through Nov. 7, 1974.

Source: "Air Carrier Traffic Statistics."

Table 7.—COMPARATIVE SELECTED FINANCIAL DATA FOR SYSTEM ALL-CARGO FOR THE YEARS ENDED JUNE 30, 1975 AND 1974

Carrier	Total operating revenues (000)			Total operating expenses (000)			Operating profit (000)		Net income (000)[1]	
	1975	1974	Percent change	1975	1974	Percent change	1975	1974	1975	1974
Flying Tiger	$197,667	$183,589	7.7	199,124	165,341	20.4	−1,458	18,248	3,160	14,992
Seaboard	111,358	85,743	29.9	113,688	81,649	39.2	−2,331	4,093	5,027	2,876
Airlift	45,667	45,177	1.1	46,164	45,106	2.3	−496	72	−410	249
Total	354,692	314,509	12.8	358,976	292,096	22.9	−4,285	22,413	7,777	18,117

[1] After income taxes and special items.

Source: "Air Carrier Financial Statistics."

Table 8.—COMPARATIVE SELECTED TRAFFIC STATISTICS FOR LOCAL SERVICE CARRIERS FOR THE YEAR ENDED JUNE 30, 1975, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR (SCHEDULED SERVICE)

Carrier	Revenue passenger-miles			Passenger enplanements			Load factor (percent)	
	Number (000)	Percent change	Market share (percent)	Number (000)	Percent change	Market share (percent)	1975	1974
Allegheny	3,261,150	−3.7	31.3	10,355	−5.3	30.9	50.4	52.2
Hughes	1,474,635	5.5	14.2	3,846	−1.7	11.5	53.8	55.8
Frontier	1,392,809	1.3	13.4	3,615	2.5	10.8	53.1	56.5
Piedmont	1,051,535	−.5	10.1	3,619	−2.9	10.8	48.5	53.3
North Central	994,234	−.2	9.6	4,388	.3	13.1	46.9	48.6
Ozark[1]	876,457	9.5	8.4	3,211	8.1	9.6	47.6	50.1
Southern	814,124	.3	7.8	2,847	1.1	8.5	49.7	46.9
Texas International	518,981	−30.6	5.0	1,518	−33.8	4.5	48.0	49.3
Air New England[2]	21,564		.2	156		.5	44.2	
Total	10,405,489	−1.6	100.0	33,555	−2.9	100.0	50.2	52.1

[1] Ozark was affected by strike beginning Apr. 19, 1973. Full services resumed Aug. 1, 1973.

[2] Air New England, Inc., inaugurated service as a certificated carrier Jan. 24, 1975.

Source: "Air Carrier Traffic Statistics."

Table 9.—COMPARATIVE SELECTED FINANCIAL DATA FOR THE INTERNATIONAL TRUNKS FOR THE YEAR ENDED JUNE 30, 1975, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR

Carrier	Total operating revenue		Total operating expense		Operating profit [1]		Final net income [2]		Corporate rates of return, investment tax credits excluded [5]	
	Amount (000)	Percent change	Amount (000)	Percent change	Amount (000)	Percent change	Amount (000)	Percent change	1975	1974
Air Micronesia							1	(3)	−0.40	7.76
American total	166,295	12.8	155,437	11.4	10,858	38.6	7,590	68.4	10.68	7.25
Latin	166,295	21.6	155,437	21.9	10,858	17.3	7,590	35.0	10.68	9.08
Pacific [6]										
Braniff	137,623	17.8	124,562	22.7	13,061	−14.6	7,344	−27.6	9.03	14.56
Continental	11,188	30.2	11,413	12.6	−224	(3)	−615	(3)	−1.17	−6.27
Delta	35,954	121.6	32,375	137.7	3,580	37.4	2,570	96.8	16.21	9.80
Eastern	270,672	12.7	276,726	5.8	−6,054	(3)	−11,919	(3)	1.09	−6.31
National	19,950	−27.7	14,817	−25.5	5,133	−33.5	2,270	−29.0	20.79	25.09
Northwest	206,474	12.8	189,433	13.6	17,041	4.8	20,191	11.6	12.25	11.74
Pan American [4] total	1,516,101	7.7	1,587,575	12.1	−71,473	(3)	−85,136	(3)	−3.08	2.40
Atlantic	761,412	4.9	803,306	9.7	−41,894	(3)	−47,452	(3)	−3.87	2.25
Latin American	368,276	10.2	401,667	10.0	−33,390	(3)	−36,036	(3)	−8.17	−2.69
Pacific	386,413	11.2	382,602	20.1	3,811	−86.8	−1,648	(3)	3.93	8.59
Nondivisional										
Trans World [4]	588,113	10.6	611,629	12.3	−23,516	(3)	−25,859	(3)	−3.13	2.52
Atlantic	555,437	15.0	568,109	16.8	−12,672	(3)	−24,962	(3)	−1.58	3.97
Pacific [6]	32,676	−32.6	43,520	−25.6	−10,844	(3)	−8,564	(3)	−23.36	−9.62
Nontransport							7,667	−47.3		
Western	36,730	3.2	34,427	16.8	2,303	−62.3	1,163	−61.9	10.12	21.05
Total	2,989,100	10.1	3,038,394	12.4	−49,291	(3)	−82,401	(3)	0.31	3.40

[1] Before income taxes.

[2] After special items and income taxes.

[3] Percent changes shown only when both values are positive.

[4] Nondivisional operating revenue and expense items have been allocated to the operating divisions in connection with rate-of-return calculations on the basis of the relation that total operating revenue and total operating expense, respectively, for each operating division bears to that for all operating divisions. The total expense relationship is used for allocating total investment. The relation that each operating expense for each operating division bears to that for all operating divisions is the basis for allocating both nondivisional, nonoperating income and expense items. (Pan American and TWA international divisions.)

[5] Final net income after taxes and special items plus interest expense excluding capitalized interest as a percent of total investment (long-term debt plus stockholder equity).

[6] American Airlines, Inc., suspended its Pacific operations Mar. 1, 1974, and Trans World suspended its Pacific operations Mar. 2, 1975.

Source: "Air Carrier Financial Statistics."

expense for each operating division bears to that for all operating divisions is the

Source: "Air Carrier Financial Statistics."

Table 10.—COMPARATIVE SELECTED TRAFFIC STATISTICS FOR INTERNATIONAL TRUNKS FOR THE YEAR ENDED JUNE 30, 1975, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR (SCHEDULED SERVICE)

Carrier [1]	Revenue passenger-miles			Passenger enplanements			Load factors (percent)	
	1975 (000)	Percent change	Market share (percent)	1975 (000)	Percent change	Market share (percent)	1975	1974
Pan American total	13,519,732	−18.3	43.2	7,114	−19.3	42.6	46.5	53.7
Atlantic	6,474,220	−24.7	20.7	3,900	−20.1	23.4	48.9	54.4
Latin	3,561,993	−15.6	11.4	2,253	−22.8	13.5	47.5	54.4
Pacific	3,483,519	−6.3	11.1	961	−5.3	5.8	41.9	51.2
Trans World	6,831,356	−7.2	21.8	1,994	−7.8	11.9	51.7	53.1
Eastern	3,587,647	−3.6	11.5	3,550	−3.2	21.3	56.0	59.7
Northwest	2,411,651	−.4	7.7	810	−6.3	4.9	50.1	49.3
American	2,278,125	−3.1	7.3	1,489	−.1	8.9	59.9	60.1
Braniff	1,329,090	1.1	4.2	776	−2.8	4.6	48.8	51.1
Western	551,387	.1	1.8	351	−.3	2.1	62.0	63.6
Delta[1]	453,647	104.6	1.4	375	102.7	2.2	50.6	56.5
National	272,833	−38.4	.9	62	−38.0	.4	55.0	50.2
Continental[2] [1]	84,246	1.0	.3	176	4.1	1.1	53.9	51.0
Total	31,319,714	−10.5	100.0	16,697	−10.2	100.0	50.2	54.2

[1] Prior to Jan. 1, 1974, due to waiver granted carrier, data was presented as domestic only. Beginning with the first quarter, March 1974, carrier's domestic and international data are presented separately.

[2] Includes data for Air Micronesia.

Source: Air Carrier Traffic Statistics.

Table 11.—COMPARATIVE SELECTED FINANCIAL DATA FOR LOCAL SERVICE CARRIERS FOR THE YEAR ENDED JUNE 30, 1975, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR

Carrier	Total operating revenue before subsidy		Total operating expenses		1975 operating profit[1]	Net income[2]		Corporate rates of return[5] (investment tax credits included)	
	Amount (000)	Percent change	Amount (000)	Percent change		Amount (000)	Percent change	1975	1974
Allegheny	$369,363	4.8	$369,411	12.5	−$48	−$11,335	(3)	0.88	11.49
Hughes	159,285	14.8	165,872	22.8	−6,587	−1,967	(3)	1.99	12.88
Frontier	148,844	17.2	149,172	19.9	−328	7,059	−41.3	12.77	23.15
North Central	141,772	10.3	143,150	16.0	−1,378	4,525	−45.1	9.08	13.89
Piedmont	125,882	12.8	127,479	19.0	−1,597	1,848	−69.5	7.83	12.18
Ozark	115,670	20.5	119,813	22.2	−4,143	300	−88.9	6.03	9.54
Southern	104,655	15.3	109,704	18.5	−5,049	−657	(3)	6.34	17.29
Texas International	69,711	−10.6	76,125	−7.5	−6,414	−3,708	(3)	−4.39	13.98
Air New England[4]	4,451		6,443		−1,992	−1,360		−35.08	
Total	1,239,633		1,267,169		−27,536	−5,295		4.47	13.41

[1] Before subsidy and income taxes.
[2] After special items and income taxes—includes subsidy.
[3] Percent changes are shown only when both values are positive.
[4] Air New England, Inc., inaugurated service as a certificated carrier Jan. 24, 1975.
[5] Final net income after taxes and special items plus interest expense (excluding capitalized interest) as a percent of total investment (long-term debt plus stockholder equity).

Source: Carrier reports of CAB Forms 41 and "Air Carrier Financial Statistics."

Table 12.—SUPPLEMENTAL AIR CARRIERS, COMPARISON OF OPERATING REVENUE. OPERATING PROFIT, ASSETS, AND NET WORTH, 1975–1974

[In thousands of dollars]

Carrier	Total operating revenue		Operating profit or loss		Total assets		Net worth	
	1975	1974	1975	1974	1975	1974	1975	1974
Capitol	46,283	45,370	415	−1,834	30,522	27,176	10,540	7,717
Johnson	4,168	3,180	−274	−365	3,055	2,354	−441	322
McCulloch	5,580	11,388	−574	1,309	1,724	2,752	648	1,575
Modern	12,987	27,487	−2,698	−3,075	6,425	19,561	−9,119	511
Overseas National	83,881	75,347	1,644	−5,291	72,370	61,380	30,608	27,089
Saturn	70,879	65,807	7,462	6,102	75,072	80,451	32,868	29,363
Southern[1]		3,307		256				
Trans International	113,148	88,895	11,045	2,221	178,185	187,779	38,102	37,905
World	91,126	83,502	−345	−12,096	148,219	139,392	101,479	95,530
Total	428,052	404,283	16,675	−12,773	515,572	520,845	204,685	200,012

[1] Southern Air Transport certificate revoked Dec. 28, 1973.

NOTE.—Minus sign denotes an operating loss or negative net worth.

Source: Carrier reports on CAB Form 41.

Table 13.—PASSENGER-FARE, FREIGHT-RATE, AND U.S. MAIL YIELDS FOR SCHEDULED SERVICE, YEARS ENDED JUNE 30, 1970–75

[Average yield per passenger-mile by carrier group (cents)]

Year	Domestic trunk operations	Local service[1]	Intra-Alaska carriers	Intra-Hawaii carriers	International and territorial operations[2]
1970	5.73	8.43	11.76	10.73	5.11
1971	5.88	8.55	12.08	11.36	5.05
1972	6.16	8.87	11.82	11.26	5.02
1973	6.25	9.02	8.33	11.15	5.09
1974	6.73	9.58	9.55	11.80	5.71
1975	7.44	10.60	10.30	12.67	6.96

[Passenger-fare yields by type of fare (in cents per passenger-mile)]

Year	Domestic trunks		International trunks	
	First-class	Coach	First-class	Coach
1970	7.65	5.43	7.90	4.65
1971	7.83	5.58	8.04	4.70
1972	8.30	5.87	8.31	4.71
1973	8.47	5.95	8.71	4.75
1974	9.00	6.43	9.71	5.36
1975	9.85	7.15	11.65	6.56

[Average freight yield per ton-mile for all commodities by carrier group (cents)][3]

Year	Domestic trunk operations	Domestic all-cargo carriers	Local service carriers[1]	Intra-Alaska carriers	Intra-Hawaii carriers	International trunk operations[4]
1970	21.46	14.58	51.83	55.49	68.93	20.52
1971	22.70	15.30	54.43	55.14	71.04	19.68
1972	22.67	16.39	55.28	57.63	62.54	19.40
1973	23.14	16.31	57.90	43.12	58.62	19.73
1974	24.52	17.57	62.97	50.23	61.01	21.33
1975	27.30	19.32	80.04	56.34	81.46	25.18
Index (1970=100)						
1970	100.0	100.0	100.0	100.0	100.0	100.0
1971	105.8	104.9	105.0	99.4	103.1	95.9
1972	105.6	112.4	106.7	103.9	90.7	94.5
1973	107.8	111.9	111.7	77.7	85.0	96.2
1974	114.3	120.5	121.5	90.5	88.5	103.9
1975	127.2	132.5	154.4	101.5	118.2	122.7

[Average U.S. mail revenue yield per U.S. mail ton-mile by carrier group (cents)]

1970	21.33	17.53	48.50	110.49	27.59	28.97
1971	21.37	20.52	40.34	102.32	28.15	18.24
1972	21.95	19.33	38.38	109.59	29.31	20.27
1973	21.98	17.08	34.67	86.16	46.42	19.41
1974	28.14	17.85	50.08	92.31	41.58	20.78
1975	25.90	16.97	49.20	94.73	40.93	27.65
Index (1970=100)						
1970	100.0	100.0	100.0	100.0	100.0	100.0
1971	100.2	117.1	83.2	92.6	102.0	63.0
1972	102.9	110.3	79.1	99.2	106.2	70.0
1973	103.0	97.4	71.5	78.0	168.2	67.0
1974	131.9	101.8	103.3	83.5	150.7	71.7
1975	121.4	96.8	101.4	85.7	148.4	95.4

[1] Includes data for helicopters and "other carriers."
[2] Excludes all-cargo carriers.
[3] Freight and express.
[4] Includes international all-cargo carriers.

Source: "Air Carrier Financial Statistics" and "Air Carrier Traffic Statistics."

Table 14.—TRAFFIC TRENDS BY CARRIER GROUP YEARS ENDED JUNE 30, 1969–1975

Item and year	Certificated route air carriers (scheduled service)						Supplemental air carriers
	Domestic trunks operations	Local service, helicopter and other carriers[1]	Intra-Alaska carriers	Intra-Hawaii carriers	All-cargo carriers (system)	International and territorial operations (passenger/cargo)	
Revenue passenger-miles (000):							
1969	88,692,260	6,195,467	89,198	316,709		24,506,937	9,963,050
1970	96,474,505	7,205,229	107,679	337,115		24,875,879	10,645,477
1971	95,786,283	7,934,713	118,374	375,006		28,444,657	10,668,315
1972	103,117,970	8,575,543	127,344	449,526		31,969,080	10,006,396
1973	112,020,802	9,464,977	523,855	563,061		35,358,125	10,732,352
1974	118,186,582	10,600,752	548,489	635,473		35,011,689	11,923,491
1975	115,917,448	10,431,022	743,044	643,986		31,319,714	9,432,209
Revenue passenger-miles—coach (000):							
1969	73,224,459	1,603,381				21,785,196	
1970	81,393,023	1,913,221				22,224,366	
1971	82,971,291	2,107,513				25,421,180	
1972	90,678,734	1,376,228				29,236,730	
1973	98,714,028	452,342	359,889			32,390,338	
1974	104,492,491	55,341	370,480			32,170,997	
1975	103,377,605		489,516			28,884,583	
Coach revenue passenger-miles as percent of total revenue passenger-miles:							
1969	82.6	25.9				88.9	
1970	84.4	26.6				89.3	
1971	86.6	26.6				89.4	
1972	87.9	16.0				91.5	
1973	88.1	4.8	68.7			91.6	
1974	88.4	0.5	67.5			91.9	
1975	89.2		65.9			92.2	

See footnotes at end of table.

Table 14.—TRAFFIC TRENDS BY CARRIER GROUP YEARS ENDED JUNE 30, 1969–1975—Continued

Item and year	Certificated route air carriers (scheduled service)						Supplemental air carriers
	Domestic trunks operations	Local service, helicopter and other carriers [1]	Intra-Alaska carriers	Intra-Hawaii carriers	All-cargo carriers (system)	International and territorial operations (passenger/cargo)	
Revenue ton-miles (000):							
1969	10,789,382	669,900	19,435	31,021	497,161	4,155,513	1,485,352
1970	12,099,500	799,322	22,620	35,792	696,443	3,937,083	1,414,034
1971	12,032,263	888,606	25,144	41,764	868,801	4,239,722	1,494,471
1972	13,054,819	961,281	26,566	50,225	1,011,482	4,718,265	1,553,313
1973	14,093,545	1,057,237	80,966	62,202	1,220,681	5,080,023	1,477,047
1974	14,813,264	1,175,833	86,042	70,205	1,401,942	5,170,766	1,600,020
1975	14,416,920	1,138,274	114,097	71,305	1,321,004	4,685,211	1,308,062
Cargo ton-miles (000): [2]							
1969	1,717,842	52,055	5,379	2,403	470,169	1,000,518	489,047
1970	1,936,024	64,412	5,893	3,244	525,266	922,204	349,487
1971	1,768,182	65,947	7,029	3,211	658,326	919,249	427,640
1972	2,094,688	72,514	7,461	4,228	862,713	1,111,254	547,516
1973	2,268,459	79,471	17,799	4,780	1,046,276	1,161,733	403,812
1974	2,383,716	81,466	20,028	5,481	1,225,103	1,332,140	406,671
1975	2,206,225	66,909	27,597	5,723	1,174,098	1,223,878	364,841

U.S. mail ton-miles (000):						
1969	574,878	23,515	4,974	907	26,912	673,513
1970	698,780	25,927	5,672	975	171,082	501,131
1971	678,939	29,176	6,237	1,048	210,446	499,587
1972	647,947	31,207	6,369	1,044	148,703	399,344
1973	622,602	31,287	10,783	1,116	174,401	372,368
1974	610,087	34,267	11,162	1,176	176,838	327,381
1975	618,029	32,185	12,193	1,185	146,905	318,760
U.S. mail ton-miles as percent of total revenue ton-miles:						
1969	5.3	3.5	25.6	2.9	5.4	16.2
1970	5.8	3.2	25.1	2.7	24.6	12.7
1971	5.6	3.3	24.8	2.5	24.2	11.8
1972	5.0	3.2	24.0	2.1	14.7	8.5
1973	4.4	3.0	13.3	1.8	14.3	7.3
1974	4.1	2.9	13.0	1.7	12.6	6.3
1975	4.3	2.8	10.7	1.7	11.1	6.8

[1] "Other carriers" group includes Alaska Airlines for 1969 and subsequent years. 1973 through current period reflects carrier in "intra-Alaska carriers" grouping.

[2] Comprises freight and express for fiscal 1969 and subsequent.

Source: Air Carrier Traffic Statistics Report.

Table 15.—AIR CARRIER INVESTMENT AT JUNE 30, 1967-75

	Asset distribution (net)								Capital distribution					
	Buildings and ground equipment		Flight equipment		Working capital and other		Total		Stockholder equity		Long-term debt		Total	
	Millions	Percent of total	Millions	Percent of total	Millions	Percent of total	Millions	Percent of total	Millions	Percent of total	Millions	Percent of total	Millions	Percent of total
Certificated route air carriers:														
1967	398.1	6	4,682.7	75	1,150.1	19	$6,230.9	100	2,681.5	43	3,549.4	57	6,230.9	100
1968	493.7	6	6,093.5	78	1,210.4	16	7,797.6	100	3,020.5	39	4,777.1	61	7,797.6	100
1969	670.6	7	7,030.6	80	1,146.1	13	8,847.3	100	3,193.0	36	5,654.3	64	8,847.3	100
1970	791.1	9	7,479.7	81	928.9	10	9,199.7	100	3,222.2	35	5,977.5	65	9,199.7	100
1971	988.8	11	7,821.3	82	688.6	7	9,498.7	100	3,112.2	33	6,386.5	67	9,498.7	100
1972	1,057.9	11	7,773.1	81	725.1	8	9,556.1	100	3,691.6	39	5,854.5	61	9,546.1	100
1973	1,082.0	11	8,217.0	82	718.4	7	10,017.4	100	4,028.5	40	5,988.9	60	10,017.4	100
1974	1,192.0	11	8,626.6	83	578.4	6	10,397.0	100	4,364.0	42	6,033.0	58	10,397.0	100
1975	1,217.9	12	8,578.2	84	441.7	4	10,237.8	100	4,315.2	42	5,922.5	58	10,237.8	100
	INDEX (1967 = 100)													
Certificated route air carriers:														
1967	100.0		100.0		100.0		100.0		100.0		100.0		100.0	
1968	124.0		130.1		105.2		125.1		112.6		134.6		125.1	
1969	168.5		150.1		99.7		142.0		119.1		159.3		142.0	
1970	198.7		159.7		80.8		147.6		120.2		168.4		147.6	
1971	248.4		167.0		59.9		152.4		116.1		179.9		152.4	
1972	265.7		166.0		63.0		153.2		137.7		164.9		153.2	
1973	271.8		175.5		62.5		160.8		150.2		168.7		160.8	
1974	299.4		184.2		50.3		166.9		162.7		170.0		166.9	
1975	305.9		183.2		38.4		164.3		160.9		166.9		164.3	

Supplemental air carriers:													
1967	2.0	1	131.6	71	52.4	28	186.0	100	83.7	45	102.3	55	186.0	100
1968	3.1	1	252.6	91	23.5	8	279.2	100	118.0	42	161.2	58	279.2	100
1969	5.7	2	321.0	87	41.8	11	368.5	100	152.2	41	216.3	59	368.5	100
1970	8.9	2	364.5	89	36.9	9	410.2	100	162.4	40	247.8	60	410.2	100
1971	8.6	2	325.5	83	59.2	15	393.3	100	186.3	47	207.0	53	393.3	100
1972	6.9	2	305.1	84	52.9	15	364.8	100	180.5	49	184.3	51	364.8	100
1973	7.4	2	214.8	60	137.0	38	359.2	100	187.7	52	171.5	48	359.2	100
1974	9.7	3	281.7	78	69.2	19	360.5	100	198.3	55	162.2	45	360.5	100
1975	7.0	2	253.3	70	101.8	28	362.1	100	204.7	57	157.4	43	362.1	100

INDEX (1967 = 100)

Supplemental air carriers:							
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	155.0	191.9	44.8	150.1	141.0	157.6	150.1
1969	285.0	243.9	79.8	198.1	181.8	211.4	198.1
1970	445.0	277.0	70.4	220.5	194.0	242.2	220.5
1971	430.0	247.3	113.0	211.5	222.6	202.3	211.5
1972	345.0	231.8	101.0	196.1	215.7	180.2	196.1
1973	370.0	163.2	261.5	193.1	224.3	167.6	193.1
1974	485.0	214.1	132.1	193.8	236.9	158.6	193.8
1975	350.0	192.5	194.3	194.7	244.6	153.9	194.7

Source: Carrier reports on CAB Forms 41. Components may not add to totals because of rounding.

Table 16.—NUMBER OF AIRCRAFT AVAILABLE FOR SERVICE AT DECEMBER 31, 1974[1]

Type of aircraft	Certificated route air carriers	Supplemental air carriers	Totals
Fixed-wing:			
Turbojet aircraft:			
4-engine:			
Boeing:			
B-707-101/200/300	17		17
B-720	19		19
Convair—CV-880	25		25
Douglas—DC-8-10/20/30	41	6	47
Total 4-engine	102	6	108
Total turbojet	102	6	108
Turbofan aircraft:[3]			
4-engine:			
Boeing:			
B-707-100B	94		94
B-707-300B	107		107
B-720-B	27		27
B-747/747C/747F	110	1	111
Convair—CV-990		8	8
Douglas:			
DC-8-50	42		42
DC-8-61/62/63	66	6	72
Total 4-engine	446	15	461
3-engine:			
Boeing:			
B-727-100	399	1	400
B-727-200	333		333
DC-10/10/20/30/40	83	5	88
Lockheed:			
L-1011	93		93
Total 3-engine	908	6	914
2-engine:			
British Aircraft—BAC-111	43		43
Boeing—B-737	138		138
Douglas—DC-9-10	73		73
DC-9-30	239	5	244
Total 2-engine	493	5	498
Total turbofan	1,847	26	1,873
Other turbojet/turbofan	2	1	3
Total turbojet and turbofan	1,951	33	1,984
Turboprop aircraft:			
4-engine:			
Lockheed—L-188	17	15	32
Total 4-engine	17	15	32

See footnotes at end of table.

Table 16.—NUMBER OF AIRCRAFT AVAILABLE FOR SERVICE AT DECEMBER 31, 1973 [1]—Continued

Type of aircraft	Certificated route air carriers	Supplemental air carriers	Totals
2-engine:			
Convair:			
CV-580	103		103
CV-600	22		22
De Havilland—DCH-6PT6[2]	9		9
Fairchild:			
F-27	17		17
FH-227	39		39
Nihon—YS-11A	22		22
Total 2-engine	212		212
Total turboprop	229	15	244
Total turbo-powered	2,180	48	2,228
Piston aircraft over 12,500 pounds:			
4-engine:			
Douglas—DC-6A/B	4		4
Total 4-engine	4		4
2-engine:			
Convair:			
CV-340/440	6		6
Douglas—DC-3	3	3	6
Grumman—G-73	1		1
G-44	2		2
G-21A	5		5
Martin:			
M-404	9		9
Other types		[4]19	19
Total 2-engine	26	3	29
Total piston engines over 12,500 pounds	30	3	33
Total all types 12,500 pounds or less	19	[4]19	38
Fixed-wing convertible aircraft:			
Turbofan:			
4-engine:			
Boeing—B-707-300C	66		66
3-engine:			
Boeing—B-727/100C/QC	87	1	88
2-engine:			
Douglas—DC-9-15	18		18
Total convertible aircraft	171	1	172
Helicopter:			
Turboshaft:			
2-engine:			
Sikorsky—S-61	7		7
Total 2-engine	7		7

See footnotes at end of table.

Table 16.—NUMBER OF AIRCRAFT AVAILABLE FOR SERVICE AT DECEMBER 31, 1973 [1]—Continued

Type of aircraft	Certificated route air carriers	Supplemental air carriers	Totals
1-engine:			
Bell-206A	3		3
Boeing-105C	1		1
Total turboshaft	11		11
Piston:			
1-engine:			
Bell—B-47G/J	2		2
Sikorsky—S-58	2		2
Total piston	4		4
Unknown helicopter		1	1
Total helicopter	15	1	16
Cargo aircraft:			
Turbofan:			
4-engine:			
Douglas:			
DC-8-50F	17	0	17
DC-8-63F	25	18	43
Boeing—B-707-300C	27		27
Turboprop:			
4-engine:			
Canadair—CL-44D	7		7
Lockheed—L-382 (100)		11	11
2-engine:			
Short Bros. & Harland—SC-7	2		2
Piston:			
2-engine:			
Curtiss—C-46	2		2
Total cargo aircraft	80	29	109
Grand total—all aircraft types	2,495	102	2,597

[1] Owned and leased aircraft only. Data for certificated route carriers aircraft leased to others plus aircraft leased from others, without regard to aircraft withdrawn from service for economic, mechanical, or technical reasons, are unavailable.

[2] 12,500 pounds or less.

[3] Figure does not include aircraft under "Fixed-wing convertible aircraft" or "Cargo aircraft." Those aircraft are listed separately in table.

[4] These nineteen (19) are a mixture of both more and less than 12,500-pound aircraft.

Source: Carrier reports on Schedule B-43, CAB Form 41.

Table 17.—GROWTH OF THE CERTIFICATED AIR CARRIERS

Item and year	Scheduled service of the route carriers				
	All route carriers	Domestic trunk operations	Local service carriers	International trunks	Other route carriers[1 2]
Yield per revenue passenger-mile (cents):					
1938	5.50	5.12		8.34	(3)
1948	6.30	5.73	5.31	8.01	(3)
1958	5.80	5.58	6.89	6.46	(3)
1968	5.46	5.45	7.56	4.95	(3)
Fiscal year 1975	7.59	7.44	10.52	6.96	(3)
Overall revenue ton-miles (000):					
1938	N/A	55,296		N/A	N/A
1948	985,938	703,055	8,936	265,821	8,126
1958	3,799,325	2,738,947	84,393	835,349	140,636
1968	15,249,312	9,895,381	582,604	4,294,499	476,828
Fiscal year 1975	21,746,812	14,416,920	1,135,599	4,685,211	1,509,082
Total available seat-miles (000):					
1938	1,067,793	944,729		116,335	6,729
1948	13,719,959	9,980,163	323,942	3,302,916	112,938
1958	53,115,172	40,695,035	1,793,463	10,391,664	235,010
1968	216,445,751	153,864,640	12,153,586	49,575,001	852,524
Fiscal year 1975	304,609,727	218,894,876	20,730,038	62,438,742	2,546,071
Total revenue passenger-miles (000):					
1938	553,052	475,600		53,208	4,244
1948	7,870,271	5,840,211	87,928	1,873,627	68,505
1958	31,499,437	24,435,657	820,190	6,123,948	119,640
1968	113,958,321	81,611,832	5,489,224	26,450,644	406,621
Fiscal year 1975	159,055,214	115,917,448	10,405,489	31,319,714	1,412,563

See footnotes at end of table.

Table 17.—GROWTH OF THE CERTIFICATED AIR CARRIERS—Continued

Item and year	Scheduled service of the route carriers[1]—Continued				
	All route carriers	Domestic trunk operations	Local service carriers	International trunks	Other route carriers[1,2]
Coach plus economy revenue passenger-miles (000):					
1938 (Coach service inaugurated late in 1948)					
1948	N/A	4,835		N/A	
1958	14,176,333	10,044,656	31,104	4,100,573	
1968	91,331,074	66,558,092	1,187,851	23,585,131	
Fiscal year 1975	132,751,704	103,377,605		28,884,583	489,516
Revenue passenger originations/enplanements (000):					
1938	1,306	1,168		109	29
1948	14,541	12,324	426	1,447	344
1958	49,169	39,515	4,265	4,428	961
1968	150,151	108,986	22,177	15,728	3,260
Fiscal year 1975	201,600	144,675	33,555	16,697	6,673
Overall aircraft revenue miles (000):					
1938	76,136	68,543		7,043	550
1948	440,876	316,276	16,279	98,473	9,848
1958	972,987	700,585	72,253	172,713	27,436
1968	2,145,972	1,486,460	211,203	408,136	40,174
Fiscal year 1975	2,280,017	1,621,854	265,019	318,880	74,264
Total passenger revenues (000):					
1938	29,296	24,336		4,435	525
1948	497,121	334,736	4,667	151,751	5,967
1958	1,827,811	1,362,994	56,487	395,604	12,726
1968	6,221,852	4,451,341	414,732	1,309,173	46,606
Fiscal year 1975	12,066,538	8,622,029	1,094,660	2,178,823	171,026

Coach plus economy passenger revenues (000):					
1938 (Coach service inaugurated late in 1948)					
1948	N/A	194		N/A	(3)
1958	N/A	454,308	1,509	229,179	(3)
1968	N/A	3,400,030	64,950	1,096,671	(3)
Fiscal year 1975	9,323,494	7,386,408		1,895,121	41,965
Average on-line passenger trip length (miles):					
1938	408	407		488	(3)
1948	543	474	206	1,039	(3)
1958	641	618	192	1,383	(3)
1968	759	749	248	1,679	(3)
Fiscal year 1975	789	801	310	1,876	(3)
Average available seats per aircraft:					
1938	14.2	13.9		16.9	(3)
1948	33.0	33.1	19.9	35.0	(3)
1958	57.0	59.3	24.8	63.7	(3)
1968	107.1	107.8	57.7	135.6	(3)
Fiscal year 1975	141.4	139.1	78.2	218.7	(3)

See footnotes at end of table.

Table 17.—GROWTH OF THE CERTIFICATED AIR CARRIERS—Continued

Item and year	Scheduled and nonscheduled services of all carriers						
	All carriers	All route carriers	Domestic trunk operations	Local service carriers	International trunks	Other route carriers[1]	Supplemental carriers
Operating property and equipment ($000):							
At Dec. 31, 1938	50,158	50,158	32,956		16,453	748	
At Dec. 31, 1948	N/A	526,969	396,513	8,189	119,074	3,193	N/A
At Dec. 31, 1958	N/A	2,365,908	1,859,144	55,337	366,589	84,838	N/A
At Dec. 31, 1968	10,599,932	10,289,957	7,935,468	661,981	1,299,247	393,261	309,975
At Dec. 31, 1974	10,080,748	9,827,227	8,985,132	552,511	(4)	289,584	253,521
Total assets ($000):							
At Dec. 31, 1938	N/A	N/A	36,032		N/A	538	N/A
At Dec. 31, 1948	N/A	704,981	484,241	12,738	204,904	3,098	N/A
At Dec. 31, 1958	N/A	2,270,375	1,707,118	56,403	408,689	98,165	N/A
At Dec. 31, 1968	11,452,318	10,992,385	8,106,199	808,674	1,616,891	460,621	459,933
At Dec. 31, 1974	15,686,134	15,200,190	13,596,269	1,035,210	(4)	568,711	485,944
Number of aircraft available for service:							
At Dec. 31, 1938	311	311	233		73	5	
At Dec. 31, 1948	1,055	1,055	788	77	175	15	N/A
At Dec. 31, 1958	2,081	1,899	1,256	246	199	198	182
At Dec. 31, 1968	2,638	2,406	1,590	427	198	191	232
At Dec. 31, 1974[5]	2,513	2,412	1,835	424	(4)	153	101
Route miles operated:							
1938	N/A	N/A	35,210		N/A	361	
1948	N/A	164,689	54,668	11,346	98,110	565	
1958	N/A	244,731	61,953	26,953	140,105	15,720	
1968	N/A	286,110	72,692	41,756	153,440	18,222	
Fiscal year 1975	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net income or loss ($000):							
1938	N/A	N/A	−1,067		494	493	
1948	N/A	13,199	3,744	−189	9,126	518	N/A
1958	N/A	50,396	44,794	1,138	7,608	−3,144	N/A
1968	227,405	210,777	126,521	−28,939	122,957	−9,762	16,628
Fiscal year 1975	26,310	18,167	88,993	−5,294	−82,401	16,869	8,143

See footnotes at end of table.

Total number of employees:							
1938	13,274	13,274	9,008	.....	4,266	.....	.....
1948	N/A	84,608	57,263	2,363	24,315	667	N/A
1958	155,032	152,510	107,857	9,308	29,850	5,495	2,522
1968	299,935	294,127	212,133	25,580	47,262	9,152	5,808
Fiscal year 1975	305,235	301,007	222,274	29,314	37,917	11,502	4,228
Overall operating revenues ($000):							
1938	57,997	57,997	42,250	.....	15,153	594	.....
1948	N/A	691,878	413,353	14,937	249,840	13,748	N/A
1958	2,309,166	2,243,964	1,513,250	94,993	530,881	104,840	65,202
1968	8,087,427	7,761,773	5,039,441	501,308	1,958,327	262,697	325,654
Fiscal year 1975	15,370,192	14,942,140	10,073,616	1,298,765	2,989,102	580,657	428,052
Overall operating expenses ($000):							
1938	58,165	58,165	43,317	.....	14,303	545	.....
1948	N/A	674,992	411,278	14,507	235,890	13,317	N/A
1958	2,205,914	2,136,452	1,418,125	93,335	519,604	105,388	69,462
1968	7,522,233	7,239,548	4,719,364	510,518	1,748,327	261,339	282,685
Fiscal year 1975	15,073,517	14,662,140	9,788,289	1,267,171	3,038,393	568,287	411,377
Operating profit or loss ($000):							
1938	−168	−168	−1,067	.....	850	49	.....
1948	N/A	16,886	2,075	430	13,950	431	N/A
1958	103,252	107,512	95,125	1,658	11,277	−548	−4,260
1968	565,194	522,225	320,077	−9,210	210,000	1,358	42,969
Fiscal year 1975	296,675	280,000	285,327	31,595	−49,291	12,369	16,675

[1] "Other route carriers" comprises the helicopters, intra-Alaska, intra-Hawaii, Aspen, Wright, and all-cargo system.

[2] Excludes the supplemental carriers.

[3] Computation not meaningful because of diverse carriers included.

[4] Included with domestic.

[5] Excludes those owned aircraft on lease to another carrier.

Source: "Air Carrier Traffic Statistics" and "Air Carrier Financial Statistics."

Table 18.—U.S. CERTIFICATED CARRIERS

Airlines (domestic)	Original authorization	Original points	Original route mileage	Points June 30, 1975	Route mileage June 30, 1975
Trunkline carriers:					
Alaska Airlines	July 24, 1951	3	1,665	9	4,901
American Airlines	Aug. 22, 1938	59	6,826	49	40,265
Braniff Airways	Aug. 22, 1938	21	2,543	39	20,261
Continental Air Lines	Aug. 22, 1938	8	624	29	25,104
Delta Air Lines	Aug. 22, 1938	13	1,091	77	47,332
Eastern Air Lines	Aug. 22, 1938	42	5,276	71	41,946
National Airlines	Aug. 22, 1938	13	871	36	8,425
Northwest Airlines	Aug. 22, 1938	21	2,507	34	30,090
Trans World Airlines	Aug. 22, 1938	27	5,749	40	28,099
United Air Lines	Aug. 22, 1938	38	5,321	89	47,805
Western Air Lines	Aug. 22, 1938	12	1,237	36	23,949
Local service, intra-Alaskan, Hawaiian carriers:					
Air New England	Jan. 24, 1975	13	797	13	797
Alaska Airlines	Dec. 5, 1942	(1)	(1)	79	3,835
Allegheny Airlines	Jan. 11, 1949	22	1,954	83	*6,453
Aloha Airlines	Apr. 18, 1949	8	402	8	494
Frontier Airlines	Mar. 28, 1946	38	3,110	98	18,472
Hawaiian Airlines	Aug. 22, 1938	6	356	9	400
Hughes Air Corp., (d/b/a Hughes Airwest)	Apr. 17, 1968	77	9,376	61	5,916
Kodiak-Western Alaska Airlines	Sept. 8, 1960	21	331	39	1,007
Mays, Howard J.	Dec. 5, 1942	5	(1)	5	246
North Central Airlines	Oct. 3, 1947	35	1,704	71	*6,231
Ozark Air Lines	Sept. 26, 1950	38	2,488	50	5,765
Pan American World Airways	Aug. 22, 1938	60	25,144	10	11,115
Piedmont Aviation	Dec. 12, 1947	28	1,913	49	3,915
Reeve Aleutian Airways	Apr. 8, 1948	(1)	(1)	19	3,281
Southern Airways	Feb. 8, 1948	23	1,332	51	9,089
Texas Int'l Airlines	Nov. 14, 1946	28	1,824	48	5,562
Wien Air Alaska	Dec. 5, 1942	(1)	(1)	137	10,896
Helicopters:					
Chicago Helicopter Airways	Jan. 23, 1949	4	308	3	42
Los Angeles Airways	May 20, 1947	31	222	26	389
New York Airways	Mar. 12, 1952	47	156	5	139
SFO Helicopters	Nov. 26, 1963	9	116	9	208
Cargo:					
Airlift International	Jan. 20, 1956	25	3,822	21	10,656
Flying Tiger	Aug. 12, 1949	43	(1)	15	3,950
Certificated air taxi:					
Aspen	Mar. 9, 1967	2	112	2	112
Wright	Mar. 16, 1972	2	92	2	92

*Reflects linear mileage after alignment of route into a single segment.

See footnotes at end of table.

Table 18.—U.S. CERTIFICATED CARRIERS—Continued

Airlines (international)	Original authorization	Original points	Original route mileage	Points June 30, 1975	Route mileage June 30, 1975
Air Micronesia	Oct. 5, 1971	17	14,529	18	14,602
Allegheny	May 24, 1967	2	115	7	614
American Airlines	Apr. 16, 1942	5	1,539	31	22,927
Braniff Airways	May 22, 1946	16	7,591	27	32,300
Continental Air Lines	Oct. 5, 1971	17	14,529	18	14,602
Delta Air Lines	May 22, 1946	11	3,693	21	8,855
Eastern Air Lines	May 22, 1946	4	1,957	51	19,519
Frontier Airlines	May 13, 1975	3	486	3	486
Hughes Air Corp., (d/b/a Hughes Airwest)	Apr. 17, 1968	8	1,393	11	1,733
National Airlines	July 21, 1951	3	439	4	4,541
North Central Airlines	Nov. 5, 1960	3	262	4	385
Northwest Airlines	July 31, 1946	16	14,641	25	23,680
Pan American World Airways	Aug. 22, 1938	[2] 60	25,144	149	285,107
Texas Int'l Airlines	Aug. 17, 1966	5	637	7	1,404
Trans World Airlines	July 5, 1945	[2] 22	20,539	57	70,317
United Air Lines	June 29, 1946	2	128	4	561
Western Air Lines	May 22, 1946	2	449	13	3,938
Cargo:					
Flying Tiger	July 29, 1969	18	10,991	20	13,884
Seaboard	Aug. 15, 1955	[2] 19	14,825	42	13,521

[1] Not available.
[2] Approved service plan.

Supplemental air carriers
Capitol International Airways, Inc.
Johnson Flying Service, Inc.
McCulloch International Airlines, Inc.
Modern Air Transport, Inc.
Overseas National Airways, Inc.
Saturn Airways, Inc.
Trans International Airlines, Inc.
World Airways, Inc.

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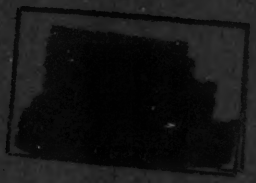

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